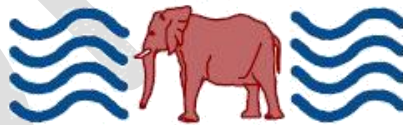


CITY OF CHOICE



PIETERMARITZBURG
M S U N D U Z I

ANNUAL BUDGET OF
Msunduzi
Municipality
KZN225

2015/16 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

Presentation to be done during the sitting of the Full Council

1.2 It was resolved to recommend to Full Council that:

On 19th of March 2015 the Executive Committee of Msunduzi Local Municipality will meet in the Council Chambers of Msunduzi City Hall to consider the draft annual budget for the financial year 2015/16 and the two outer years.

It was resolved

That the Annual Budget of the Municipality for the financial year 2015/16, multi-year and single-year capital appropriations as set out in Tables A2 – A5 of the report dated 18th March 2015 by the Chief Financial Officer, be APPROVED, as follows:

- (i) Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) as contained in Table A2.
- (ii) Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) as contained in Table A3.
- (iii) Budgeted Financial Performance (Revenue by Source and Expenditure by Type) as contained in Table A4; and
- (iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

- (b) That the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in Tables A6 – A10 of the report dated 18th March 2015 by the Chief Financial Officer, be APPROVED, as follows:
- (i) Budgeted Financial Position as contained in Table A6.
 - (ii) Budgeted Cash Flows as contained in Table A7.
 - (iii) Cash Backed Reserves And Accumulated Surplus Reconciliation as contained in Table A8.
 - (iv) Asset Management as contained in Table A9; and
 - (v) Basic Service Delivery Measurement as contained in Table A10.
- (c) That with effect from 1 July 2015, the tariffs as set out on pages 9 - 16 of the report dated 18th March 2015 by the Chief Financial Officer, be APPROVED, as follows:
- (i) the tariffs for electricity
 - (ii) the tariffs for the supply of water
 - (iii) the tariffs for sanitation services
 - (iv) the tariffs for solid waste services
 - (v) the tariffs for rates on different categories
- (d) That all the following budget related policies as per the Annexure (Annual Budget and Medium Term Revenue and Expenditure Framework 2015/16-2016/17 Book) submitted in terms of S7 of Municipal Budget and Reporting Regulations, be APPROVED;-
- a) Budget policy
 - b) Virement policy
 - c) Cash Management and Investment policy

- d) Funding and Reserves policy
 - e) Credit Control and Debt Collection policy
 - f) Indigent policy
 - g) Supply Chain Management policy
 - h) Assets Management policy
 - i) Grants policy
 - j) Insurance policy
 - k) Borrowing policy
- (e) That with effect from 1 July 2015 the tariffs for other services, as set out on pages 9 – 16 of the report dated 18th March 2015 by the Chief Financial Officer, be APPROVED.
- (f) That authority be granted to the Municipal Manager to submit the Draft Annual budget and Medium Term Revenue and Expenditure Framework 2015/16 to 2017/18 as per the requirements Department of Cooperative Governance and Traditional Affairs (COGTA)
- (g) That authority be granted to the Municipal Manager to advertise the Draft Annual budget and Medium term Revenue and Expenditure Framework 2015/16 to 2017/18 in terms of Chapter 4 of the Municipal Systems Act of 2000 (as amended).
- (h) That authority be granted to the Municipal Manager to advertise the budget related policies on the Internet and in all municipal buildings for comment by all stakeholders in terms of Chapter 4 of Municipal Systems Act of 2000 (as amended).

1.3 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low - to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 51, 54, 55, 58, 59 ,67 and 74 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Umgeni Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process. The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:
- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

Table 1 Consolidated Overview of the 2015/16 MTREF

Description	Current Year 2014/15		2015/16 Medium Term Revenue &		
	Original	Adjusted	Budget Year	Budget Year	Budget Year
R thousand					
Total Revenue (excluding capital transfers and contributions)	3,570,575	3,560,702	4,036,987	4,370,803	4,750,280
Total Expenditure	3,500,255	3,557,200	4,033,517	4,365,303	4,741,591
Surplus/(Deficit)	70,320	3,501	3,470	5,500	8,689
Transfers recognised - capital	293,824	314,474	489,060	466,372	480,820
Surplus/(Deficit) after capital transfers & contributions	364,144	317,975	492,530	471,872	489,509

Total operating revenue of R 4.036 billion has grown by 13.3 per cent or R 476.2 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 8.26 per cent (R 333.8) and 8.68 per cent (R 379.4) respectively, equating to a total revenue growth of R 1.1 billion over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R4.033 billion and translates into a budgeted surplus of R 3.4 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown overall by 13.39 per cent in the 2015/16 budget and by 8.22 and 8.61 per cent for each of the respective outer years of the MTREF.

The capital budget of R 709 million (R 489 million grant funding plus R120 million internal funding and R 100 million external borrowing) for 2015/16 is R5.0 million more when compared to the 2014/15 Adjustment Budget.

1.4 Operating Revenue Framework

In order for the Msunduzi Local Municipality to continue improving the quality of services that is provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	505,310	585,864	602,954	659,052	659,052	659,052	659,052	743,113	784,468	823,692
Property rates - penalties & collection charges	31,244	39,596	22,674	39,231	39,231	39,231	39,231	41,349	43,582	45,935
Service charges - electricity revenue	1,212,660	1,401,971	1,486,939	1,628,543	1,628,543	1,628,543	1,628,543	1,863,770	2,085,156	2,332,669
Service charges - water revenue	288,345	386,419	380,807	391,288	391,288	391,288	391,288	476,831	512,916	539,312
Service charges - sanitation revenue	107,507	120,089	126,301	126,582	126,582	126,582	126,582	134,917	141,417	149,054
Service charges - refuse revenue	70,091	73,999	79,454	87,712	87,712	87,712	87,712	90,841	95,132	100,269
Service charges - other										
Rental of facilities and equipment	17,944	20,896	21,572	35,024	35,024	35,024	35,024	41,329	43,292	44,468
Interest earned - external investments	25,907	34,284	43,303	32,247	32,247	32,247	32,247	33,988	35,824	37,758
Interest earned - outstanding debtors	58,254	82,051	53,055	1,325	1,325	1,325	1,325	62,593	66,366	69,950
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	3,813	8,371	102,751	14,667	14,667	14,667	14,667	17,488	16,356	17,239
Licences and permits	78	59	81	83	83	83	83	87	92	97
Agency services	374	733	669	3,220	3,220	3,220	3,220	632	668	704
Transfers recognised - operational	351,599	395,622	448,122	415,372	407,504	407,504	407,504	440,652	463,799	502,985
Other revenue	56,557	60,553	115,513	136,230	134,224	134,224	134,224	79,695	81,735	86,149
Gains on disposal of PPE	941		103					9,700		
Total Revenue (excluding capital transfers and contributions)	2,730,624	3,210,507	3,484,296	3,570,575	3,560,702	3,560,702	3,560,702	4,036,987	4,370,803	4,750,280

Table 3 Percentage growth in revenue by main revenue source

Description R thousand	2015/16 Medium Term Revenue & Expenditure						
	Adjusted Budget		Budget Year 2015/16		Budget Year +1 2016/17		Budget Year +2 2017/18
Revenue By Source							
Property rates	659,052	13%	743,113	6%	784,468	5%	823,692
Property rates - penalties & collection charges	39,231	5%	41,349	5%	43,582	5%	45,935
Service charges - electricity revenue	1,628,543	14%	1,863,770	12%	2,085,156	12%	2,332,669
Service charges - water revenue	391,288	22%	476,831	8%	512,916	5%	539,312
Service charges - sanitation revenue	126,582	7%	134,917	5%	141,417	5%	149,054
Service charges - refuse revenue	87,712	4%	90,841	5%	95,132	5%	100,269
Service charges - other		0%		0%		0%	
Rental of facilities and equipment	35,024	18%	41,329	5%	43,292	3%	44,468
Interest earned - external investments	32,247	5%	33,988	5%	35,824	5%	37,758
Interest earned - outstanding debtors	1,325	0%	62,593	6%	66,366	5%	69,950
Dividends received		0%		0%		0%	
Fines	14,667	19%	17,488	-6%	16,356	5%	17,239
Licences and permits	83	6%	87	6%	92	5%	97
Agency services	3,220	-80%	632	6%	668	5%	704
Transfers recognised - operational	407,504	8%	440,652	5%	463,799	8%	502,985
Other revenue	134,224	-41%	79,300	3%	81,735	5%	86,149
Gains on disposal of PPE			9,700				
Total Revenue (excluding capital transfers and contributions)	3,560,702		4,036,592		4,370,804		4,750,280

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R2.89 billion or 78.6 per cent. This increases to R3.30 billion, R3.61 billion and R3.94 billion for 2015/16, 2016/17 and 2017/18 respectively. A notable trend is the increase in the total percentage revenue generated from rates and services charges. This growth can be mainly attributed to the increased sale of electricity which contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The table above excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates are the second largest revenue source totalling 18.4 per cent or R 743 million. Other revenue consists of various items such as fines, licences and permits, agency services, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R 440.6 million in the 2015/16 financial year and steadily increases to R 463.7 million by 2016/17, R502.9 million by 2017/2018. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts									
Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:									
Operating Transfers and Grants									
National Government:	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
Local Government Equitable Share	304,835	338,903	354,313	373,541	373,541	373,541	395,786	421,033	458,801
Finance Management	1,945	1,997	1,550	1,600	1,600	1,600	1,600	1,625	1,700
Municipal Systems Improvement	794	555	245	934	934	934	930	957	1,033
EPWP Incentive		1,362	1,874	2,782	2,782	2,782	4,032	-	-
Energy Efficiency and Demand Management	2,534		-	-	-	-			
Water Services Operating Subsidy		-	5,391	4,000	4,000	4,000			
Operating costs-MIG	7,928	3,909	10,350	1,567	1,567	1,567	5,000	5,000	5,000
Neighbourhood Development Partnership Techn	4,562	4,403	3,512				600	600	600
Provincial Government:	12,917	33,530	56,087	7,722	-	-	32,704	34,584	35,851
Provincial Government:	1,207	31,078	35,774				-		
Expanded Public Works Grant	1,973	1,362	1,874						
Operating Grant - Property Rates									
Health	9,667	1,090	6,242						
Human Settlements	70	-	12,198	7,722	-	-	8,715	9,325	9,325
Public Works									
Arts and Culture- Community Library Services							552	581	612
Arts and Culture- Provincialisation	16,084	10,963	14,800	23,226	23,080	23,080	23,057	24,278	25,493
Arts and Culture-Museum Subsidies							380	400	421
Total Operating Transfers and Grants	335,515	384,659	433,322	392,146	384,424	384,424	440,652	463,799	502,985

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. The regulations prescribing the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1

came into effect on 1 July 2009, whilst the rate ratio for Public Benefit Organizations came into effect on 1 July 2010. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 6.0 per cent increase from 1 July 2015 is contained below:

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a 100% rebate is granted on property values between R15 001 and R 100 000 is granted in terms of the City's own Property Rates Policy;
- For pensioners, disability grantees and child headed households, a maximum/total rebate of 40 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to R 3 500.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 6.0 per cent increase from 1 July 2015 is contained below:

Table 5 Comparison of proposed rates to levied for the 2015/16 financial year

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
	c	C
Residential properties	0,0106	0,0112
State owned properties	0,0026	0,0028
Business & Commercial	0,0186	0,0197
Agricultural	0,0026	0,0028
Vacant land	0,0192	0,0203
Municipal rateable	0	0
Industrial	0,0186	0,0197
Non-permitted use	0,0330	0,0382
Public benefit organisation properties	0	0

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Council is working towards ensuring that water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014 as the municipality we are still in the course to achieve that.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water has proposed an increase its bulk tariffs with 8.2 per cent from 1 July 2015.

Umgeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umgeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise funds for infrastructure upgrades, hence the above inflation increase in the bulk cost of water.

A tariff increase of 8.2 per cent for all categories from 1 July 2015 for water is proposed. This is based on input cost assumptions of 8.2 per cent increase in the cost of bulk water (Umgeni Water).

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

<u>Water Supply</u> <u>Tariffs</u>					
1	Scale 2 (1) - Domestic	Basic Charge	R 16.71	R 17.68	5.80%
		0kl to 6kl	R 44.72	R 48.38	8.20%
	2 (2) - Domestic	7kl to 30kl per kl	R 15.04	R 16.28	8.20%
	2 (3) - Domestic	31kl to 60kl per kl	R 22.20	R 24.02	8.20%
	2 (4) _Domestic	61kl and over per kl	R 25.91	R 28.04	8.20%
	2 (5) _Domestic	Flat rate (unmetered households)	R 66.84	R 72.33	8.20%
2	Scale 3A - Flats, Simplexes	Basic Charge	R 16.71	R 17.68	5.80%
		Unit	R 14.18	R 15.35	8.20%
3	Scale 3B - Flats (Non-Rateable)	Basic Charge	R 16.71	R 17.68	5.80%
		Unit	R 19.51	R 21.11	8.20%
4	Scale 4A (1) - Commercial	Basic Charge	R 27.85	R 29.47	5.80%
		0 - 30 kl per kl	R 16.09	R 17.41	8.20%
	4A (2) - Commercial	31kl to 60kl per kl	R 17.94	R 19.41	8.20%
	4A (3) - Commercial	61kl to 100kl per kl	R 21.04	R 22.77	8.20%
	4A (4) - Commercial	101kl and over per kl	R 16.09	R 17.41	8.20%
5	Scale 4B - Commercial (Non-Rateable)	Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 19.85	R 21.48	8.20%
6	Scale 5 - Builders, Construction Sites	Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 19.85	R 21.48	8.20%
		Flat Rate - Unmetered Fire	R	R	8.20%

		Mains	167.11	180.82	
7	Scale 6 - Religious Organisations	Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 15.74	R 17.03	8.20%
8	Scale 7 - Registered Welfare & Charitable Institutions & certain Sporting Bodies				
		which are exempted from payment of rates. Including such			
		organizations & institutions exempted by the City Council.			
		Basic Charge	R 27.85	R 29.47	5.80%
		Unit	R 15.74	R 17.03	8.20%
10	Scale 8 - Municipal Departments				
		Unit	R 15.03	R 16.27	8.20%

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption	Current Amount Payable	Proposed Amount Payable	Difference (Increase)	Percentage Change
kl	R	R	R	
20	R 255.28	R 276.30	R 21.02	8.2%
30	R 405.68	R 439.10	R 33.42	8.2%
40	R 627.68	R 679.30	R 51.62	8.2%
50	R 849.68	R 919.50	R 69.82	8.2%
80	R 1,589.88	R 1,720.50	R 130.62	8.2%
100	R 2,108.08	R 2,281.30	R 173.22	8.2%

The tariff structure of the 2014/15 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R28.04 per kilolitre for consumption in excess of 61kl per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 12, 2 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom proposed increases, the consumer tariff had to be increased by 12,2 per cent to offset the additional bulk purchase cost from 1 July 2015. Subsequent request of 14,4 percent increase by ESKOM is not taken in account when preparing the budget since NERSA is yet to undertake consultation process.

Qualifying indigents will again be granted 70 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers:

					2014/15	2015/16	% Incr
<u>Scale A: Domestic</u>					<u>Excl. Vat</u>		
1	A.I Single-Phase up	Basic Charge per month			R 19.73	R 22.14	12.20%
		Net Ampere Charge per amp per phase			R 7.30	R 8.19	12.20%
		Energy Charge per kWh (cents)			72.220	R 81.03	12.20%
2	Scale A.3 Three Ph	Basic Charge per month			R 32.88	R 36.89	12.20%
		Net Ampere Charge per amp per phase			R 5.38	R 6.04	12.20%
		Energy Charge per kWh (cents)			72.22	R 81.03	12.20%
<u>Scale S0: Domestic Indigent 20 Amp</u>							
	Qualifying Indigent consumers will receive the first 70kWh of electricity free.						
	Should be on Prepaid with 20 Amps Current limiting breaker						
3	Energy Charge only (cents)		No Basic Charge		89.180	R 100.06	12.20%
<u>Scale S1: Domestic Life Line Tariff 20 Amp</u>							
4	Energy Charge only (cents)				116.680	R 130.91	12.20%
	No Basic Charge						
<u>Scale S2: Domestic Straight Line Tariff - 60 Amps 1 phase</u>							
5	Energy Charge only (cents)				116.680	R 130.91	12.20%
	Basic Charge (Included in the monthly Municipal Bill)				R 6.45		
<u>Scale TD1: Time Of Use Domestic Single Phase</u>							
	Supply Metered by a Smart Meter						
6	Scale TD.1 Time Of Use Domestic Single Phase						
		Basic Charge per month			R 39.73	R 44.58	12.20%
		Capacity charge per kVA per month			R 7.30	R 8.19	12.20%
	Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)						
		High Demand: (June, July, August)					
			Peak		254.310	R 285.34	12.20%
			Standard		83.630	R 93.83	12.20%
			Off Peak		49.720	R 55.79	12.20%
		Low Demand: (Other Months)					
			Peak		89.320	R 100.22	12.20%
			Standard		64.420	R 72.28	12.20%
			Off Peak		44.320	R 49.73	12.20%
<u>Scale TD2: Time Of Use Domestic Three Phase</u>							
	Supply Metered by a Smart Meter						
7	Scale TD.2 Time Of Use Domestic Three Phase						
		Basic Charge per month			R 62.88	R 70.55	12.20%
		Capacity charge per kVA per month			R 5.38	R 6.04	12.20%
	Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)						
		High Demand: (June, July, August)					
			Peak		254.310	R 285.34	12.20%
			Standard		83.630	R 93.83	12.20%
			Off Peak		49.720	R 55.79	12.20%
		Low Demand: (Other Months)					
			Peak		89.320	R 100.22	12.20%
			Standard		64.420	R 72.28	12.20%
			Off Peak		44.320	R 49.73	12.20%

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	72.22	81.03	8.81	12.20%
250	180.55	202.58	22.03	12.20%
500	361.10	405.15	44.05	12.20%
750	541.65	607.73	66.08	12.20%
1 000	722.20	810.30	88.10	12.20%
2 000	1,444.40	1,620.60	176.20	12.20%

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines. The city has embarked on an upgrade programme that will see the stabilising of the electricity distribution network.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2015/16 medium-term capital programme, funding has been allocated to electricity infrastructure upgrade the main funding source is DBSA loan which was approved during the 2014/15 budget adoption

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.8 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water.

		2014/15	2015/16	
Sewerage Tariffs		Excl. Vat	Excl. Vat	% Incr
Based on the relevant Water Scale				
1	Scale 2 - Domestic /House	R 121.58	R 128.64	5.80%
2	Home Business	R 137.09	R 145.04	5.80%
3	Scale 3A - Flats/Simplexes per kl	R 6.45	R 6.82	5.80%
4	Scale 4A - Business/Commercial per kl			
	0 - 400	R 6.59	R 6.97	5.80%
	401 - 1000	R 6.15	R 6.51	5.80%
	Greater than 1000	R 5.09	R 5.38	5.80%
	Subject to a maximum of	R 26,526.23	R 28,064.75	5.80%
5	Vacant Land	R 121.58	R 128.64	5.80%
6	Scale 6 - Worship Places	R 231.96	R 245.41	5.80%
7	Scale 8M - Municipal Department	R 6.59	R 6.97	5.80%
8	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.			
9	Scale 3c, 4c, 7c - Registered Welfare & Charitable Institutions & certain Sporting	R 6.59	R 6.97	5.80%

Note: Home Business

Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.

1.4.5 Waste Removal and Impact of Tariff Increases

A 5.8 per cent increase in the waste removal tariff is proposed from 1 July 2015

The following table compares current and proposed amounts payable from 1 July 2015:

Standard charges for Domestic and Commercial Refuse Removal					
Based on relevant Electricity Scale					
			2014/15	2015/16	
Refuse Removal Tariffs			Excl. Vat	Excl. Vat	% Incr
1	Domestic				
	Single phase up to 80A		R 78.64	R 83.20	5.80%
	Three phase up to 100A		R 78.64	R 83.20	5.80%
	Prepayment Meter		R 78.63	R 83.19	5.80%
2	Home Business				
	Single phase up to 80A		R 119.21	R 126.12	5.80%
	Three phase up to 100A		R 119.21	R 126.12	5.80%
	Prepayment Meter		R 119.21	R 126.12	5.80%
3	Small Power Users - Business/Commercial				
	Single phase up to 80A		R 225.29	R 238.35	5.80%
	Three phase up to 100A		R 225.29	R 238.35	5.80%
4	Large Power Users - Business/Commercial				
	Supply taken at 400V		R 225.29	R 238.35	5.80%
	Supply taken at 6.6 or 11kV		R 225.29	R 238.35	5.80%
5	Flats/Simplexes		R 66.64	R 70.50	5.80%
6	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.				
7	Previously PHB Housing and Informal Settlements (MASS HOUSING) - per household		R 15.84	R 16.76	5.80%
8	Central Business District		R 299.60	R 316.98	5.80%

Main cbd bordered by East(Massukwane), Winston/Victoria, Bulwer, Boschhoff, Alan Paton, Prince Alfred, Railway, Pine. Greytown Rd from East To Trichy, Balhambra Way from Greytown Road to Newholme Way, Khan Road from Greytown Road to Deccan Road, Mysore Road from Greytown Road to Bangalore Road, Alan Paton up till King Edward Ave.

Note: Home Business

Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.

		2014/15 Excl. Vat	2015/16 Excl. Vat	% Incr
1	Standard charges for Domestic and Commercial Refuse Removal.			
	Fees payable for the additional removal and clearance of refuse by arrangement from premises other than those applicable in item 1.			
2. (a)	Removal of additional domestic refuse: Excluding Central Business District			
	Normal days per collection -			
	(i) 3 x 85l bins or part thereof	R 25	R 26	7.48%
	(ii) 240l wheeled bin or part thereof	R 25	R 26	7.48%
(b)	Other than normal removal days, per collection -			
	(i) 3 x 85l bins or part thereof	R 151	R 159.62	5.80%
(c)	Where Council refuse containers are used on high density residential dev (simplexes, duplexes, cluster homes etc). The charge for a 1,75m ³ container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.	R 247	R 260.94	5.80%
3. (a)	Removal of additional domestic refuse: Central Business District			
	Normal days per collection -			
	(i) 3 x 85l bins or part thereof	R 25	R 26.47	5.80%
	(ii) 240l wheeled bin or part thereof	R 25	R 26.47	5.80%
(b)	Other than normal removal days, per collection -			
	(i) 3 x 85l bins or part thereof	R 154	R 162.59	5.80%
(c)	Where Council refuse containers are used on high density residential developments (simplexes, duplexes, cluster homes etc). The charge for a 1,75m ³ container for approx. 10 units, one clearance per week, subject to agreement with the Waste Management Division.	R 251	R 265.77	5.80%
4. (a)	Removal of trade refuse [Industrial/Commercial]:			
	Normal days, per collection -			
	(i) 3 x 85l bins or part thereof	R 65	R 68.95	5.80%
	(ii) 210l drum or part thereof	R 65	R 68.95	5.80%
	(iii) 240l bin or part thereof	R 65	R 68.95	5.80%
	(iv) Removal of additional refuse as per 3(a)(i)-(iii)	R 65	R 68.95	5.80%
(b)	Other than normal removal days, per collection -			
	(i) 3 x 85l bins or part thereof	R 144	R 152.66	5.80%
	(ii) 210l drum or part thereof	R 144	R 152.66	5.80%
	(iii) 240l bin or part thereof	R 144	R 152.66	5.80%
5	Removal of industrial refuse [Industrial/Commercial]:			
(a) (i)	per load or part thereof loaded by the Executive Manager [maximum 15 m ³] removed as a once off clearance.	R 2,478	R 2,621.50	5.80%
(ii)	bulk refuse containers [15 m ³] hire thereof, including a once off clearance.	R 1,865	R 1,973.37	5.80%
(iii)	bulk refuse containers [maximum 15 m ³] hire thereof, including one clearance per week.	R 1,806	R 1,910.88	5.80%
(iv)	second clearance	R 1,250	R 1,322.85	5.80%
(v)	each additional clearance	R 1,122	R 1,187.32	5.80%
(b)	small mobile refuse containers [approx. 0,24m ³] available in Otto Bin serviced areas only:			
	(i) hire thereof, including one clearance per week.	R 70	R 74	6.07%
	(ii) second clearance	R 52	R 55.23	5.80%
	(iii) each additional clearance	R 48	R 50.52	5.80%
(c)	small mobile refuse containers [approx. 1 m ³] available in Otto Bin services areas only:			
	(i) hire thereof, including one clearance per week.	R 277	R 292.88	5.80%
	(ii) second clearance	R 204	R 216.07	5.80%
	(iii) each additional clearance	R 178	R 188.80	5.80%
(d)	small mobile refuse containers [approx. 2 m ³]:			
	(i) hire thereof as a once off clearance	R 450	R 476.22	5.80%
	(ii) hire per week, including one clearance	R 409	R 432.90	5.80%
	(iii) second clearance	R 212	R 224.73	5.80%
	(iv) each additional clearance	R 186	R 196.91	5.80%
(e)	7 m ³ refuse skips available in south-west area only:			
	(i) hire thereof, including one clearance per week.	R 904	R 956.32	5.80%
	(ii) second clearance	R 633	R 670.00	5.80%
	(iii) each additional clearance	R 539	R 570.34	5.80%

6	The tariff for the removal of refuse from properties owned by the State & Municipal Departments: 240l			
(i)	hire thereof, including one clearance per week.	R 70	R 74	6.07%
(ii)	second clearance	R 52	R 55.23	5.80%
(iii)	each additional clearance	R 48	R 50.62	5.80%
1 100l				
(i)	hire thereof, including one clearance per week.	R 265	R 280.16	5.80%
(ii)	second clearance	R 195	R 206.58	5.80%
(iii)	each additional clearance	R 166	R 175.62	5.80%
1,75m³				
(i)	hire thereof, including once off clearance	R 431	R 455.58	5.80%
(ii)	hire per week, including one clearance per week	R 391	R 414.09	5.80%
(iii)	second clearance	R 203	R 214.97	5.80%
(iv)	each additional clearance	R 178	R 188.42	5.80%
7m³				
(i)	hire thereof, including one clearance per week	R 865	R 914.65	5.80%
(ii)	Second clearance	R 611	R 646.77	5.80%
(iii)	Each additional clearance	R 516	R 545.64	5.80%
15m³				
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 2,478	R 2,621.50	5.80%
(ii)	hire thereof, including a once off clearance	R 1,865	R 1,973.37	5.80%
(iii)	hire thereof, including once clearance per week	R 1,806	R 1,910.88	5.80%
(iv)	second clearance	R 1,267	R 1,340.64	5.80%
(v)	each additional clearance	R 1,122	R 1,187.24	5.80%
20m³				
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 3,304	R 3,495.14	5.80%
(ii)	hire thereof, including a once off clearance	R 2,487	R 2,630.91	5.80%
(iii)	hire thereof, including once clearance per week	R 2,408	R 2,548.04	5.80%
(iv)	second clearance	R 1,689	R 1,787.46	5.80%
(v)	each additional clearance	R 1,496	R 1,582.90	5.80%
25m³				
(i)	per load or part thereof loaded by the Executive Manager. Removed as a once off clearance	R 4,130	R 4,369.04	5.80%
(ii)	hire thereof, including a once off clearance	R 3,109	R 3,288.84	5.80%
(iii)	hire thereof, including once clearance per week	R 3,010	R 3,184.85	5.80%
(iv)	second clearance	R 2,112	R 2,234.16	5.80%
(v)	each additional clearance	R 1,870	R 1,978.81	5.80%
7	Removal and clearances from properties outside the refuse removal area:			
8	Dead animals [per carcass] during working hours -			
(a) (i)	dog or cat	R 425	R 449.49	5.80%
(ii)	sheep, goat, calf or pig	R 637	R 674.24	5.80%
(iii)	ox, cow, bull, horse, mule or donkey	R 1,374	R 1,453.36	5.80%
(b)	outside working hours -			
(i)	dog or cat	R 474	R 501.93	5.80%
(ii)	sheep, goat, calf or pig	R 1,204	R 1,273.57	5.80%
(iii)	ox, cow, bull, horse, mule or donkey	R 2,407	R 2,547.13	5.80%
The fees specified in this item shall be payable upon demand or otherwise may be arranged with the Council.				
9	Euthanased animals [per carcass]:			
(a)	Removal of dog and cat carcasses from the premises owned or occupied by registered veterinary practitioners -			
(i)	during normal working hours	R 142	R 149.83	5.80%
(ii)	after normal working hours	R 510	R 539.39	5.80%
(b)	removal of carcasses other than dogs and cats shall be charged at the fees prescribed in items 4 and 5 as the case may be.			

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 5.8 and 9.2 per cent, with the increase for indigent households closer to 8.8 per cent.

Table 9 MBRR Table SA14 – Household bills

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	596.22	633.22	585.00	530.00	530.00	530.00	6.0%	561.80	595.51	631.24
Electricity: Basic levy	220.06	283.56	310.26	311.73	311.73	311.73	12.2%	349.76	392.43	440.31
Electricity: Consumption	430.35	456.78	647.80	722.20	722.20	722.20	12.2%	810.31	909.17	1,020.08
Water: Basic levy	35.25	32.21	56.97	61.43	61.43	61.43	5.8%	64.99	68.76	72.75
Water: Consumption	284.63	260.15	332.16	360.96	360.96	360.96	8.2%	390.56	422.58	457.24
Sanitation	117.71	101.04	115.14	121.58	121.58	121.58	5.8%	128.63	136.09	143.99
Refuse removal	69.58	65.36	74.47	78.64	78.64	78.64	5.8%	83.20	88.03	93.13
Other										
sub-total	1,753.81	1,832.32	2,121.80	2,186.54	2,186.54	2,186.54	9.3%	2,389.25	2,612.57	2,858.74
VAT on Services										
Total large household bill:	1,753.81	1,832.32	2,121.80	2,186.54	2,186.54	2,186.54	9.3%	2,389.25	2,612.57	2,858.74
% increase/-decrease		4.5%	15.8%	3.1%	-	-		9.3%	9.3%	9.4%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	158.32	168.14	390.00	353.33	353.33	353.33	6.0%	374.53	397.00	420.82
Electricity: Basic levy	220.06	233.56	310.26	311.73	311.73	311.73	12.2%	349.76	392.43	440.31
Electricity: Consumption	218.00	227.47	323.90	361.10	361.10	361.10	12.2%	405.15	454.58	510.04
Water: Basic levy	35.25	32.21	56.97	61.43	61.43	61.43	5.8%	64.99	68.76	72.75
Water: Consumption	225.33	205.95	262.96	285.76	285.76	285.76	8.2%	309.19	334.55	361.98
Sanitation	117.71	101.04	115.14	121.58	121.58	121.58	5.8%	128.63	136.09	143.99
Refuse removal	69.58	65.36	74.47	78.64	78.64	78.64	5.8%	83.20	88.03	93.13
Other										
sub-total	1,044.26	1,033.73	1,533.70	1,573.57	1,573.57	1,573.57	9.0%	1,715.46	1,871.44	2,043.02
VAT on Services										
Total small household bill:	1,044.26	1,033.73	1,533.70	1,573.57	1,573.57	1,573.57	9.0%	1,715.46	1,871.44	2,043.02
% increase/-decrease		(1.0%)	48.4%	2.6%	-	-		9.0%	9.1%	9.2%
			-48.98	-0.95	-1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	156.00	156.00	195.00	176.67	176.67	176.67	6.0%	187.27	198.51	210.42
Electricity: Basic levy			-	-	-	-	12.2%	-	-	-
Electricity: Consumption	141.71	141.71	194.34	216.66	216.66	216.66	12.2%	243.09	272.75	306.03
Water: Basic levy			15.83	16.71	16.71	16.71	5.8%	17.68	18.70	19.79
Water: Consumption	32.52	32.52	193.76	210.56	210.56	210.56	8.2%	227.83	246.51	266.72
Sanitation	51.00	51.00	-	-	-	-	5.8%	-	-	-
Refuse removal	32.98	32.98	-	-	-	-	5.8%	-	-	-
Other										
sub-total	-	1,818.21	598.93	620.60	620.60	620.60	8.9%	675.87	736.47	802.95
VAT on Services										
Total small household bill:	-	1,818.21	598.93	620.60	620.60	620.60	8.9%	675.87	736.47	802.95
% increase/-decrease		-	(67.1%)	3.6%	-	-		8.9%	9.0%	9.0%

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

- **Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.**

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type										
Employee related costs	666,198	684,337	741,537	855,887	855,887	855,887	855,887	956,536	1,009,506	1,073,538
Remuneration of councillors	31,427	33,422	37,100	39,272	39,272	39,272	39,272	42,350	45,659	48,124
Debt impairment	58,210	217,794	112,679	144,577	144,577	144,577	144,577	124,586	134,979	143,888
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,746	537,857	595,059
Finance charges	72,134	70,966	67,174	60,738	60,738	60,738	60,738	69,489	68,312	61,719
Bulk purchases	1,219,818	1,373,241	1,453,402	1,479,522	1,545,173	1,545,173	1,545,173	1,736,811	1,907,233	2,093,955
Other materials	-	-	6	25,198	25,198	25,198	25,198	29,773	33,492	35,347
Contracted services	21,091	17,769	21,066	93,051	107,596	107,596	107,596	18,556	19,483	20,535
Transfers and grants	4,144	4,164	4,429	5,408	5,408	5,408	5,408	5,854	6,599	6,999
Other expenditure	393,513	636,923	708,198	537,133	513,882	513,882	513,882	563,817	602,182	662,426
Loss on disposal of PPE	-	3,733	12,291	-	-	-	-	-	-	-
Total Expenditure	2,740,206	3,279,500	3,611,214	3,500,255	3,557,200	3,557,200	3,557,200	4,033,517	4,365,303	4,741,591

The budgeted allocation for employee related costs for the 2015/16 financial year totals R956.5 million, which equals 23, 71 per cent of the total operating expenditure. In the absence of a three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.9 per cent for the 2015/16 financial year. An annual increase of 5.25 and 5.95 per cent has been included in the two outer years of the MTREF. During the budget process and as part of the budgeting and planning assumptions, a review relating to the prioritization of critical vacancies within the municipality was undertaken and an amount of R60 million has been included in the 2015/16 financial year relating to critical and strategically important vacancies. In addition expenditure against overtime was critically reviewed for inefficiencies and significantly streamlined, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the City. For the 2015/16 financial year this amount equates to R124.5 million and escalates to R143.8 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R485.7 million for the 2015/16 financial year which equates to 11,3 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. The recent conditional assessment of assets has also contributed to the huge increase of the depreciation budget. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.72 per cent (R69.4 million) of operating expenditure excluding annual redemption for 2015/16 and decreases to R61.7 million by 2017/18. As the capital portion of loans are repaid.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Umgeni Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and consumables. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. For 2015/16 the appropriation against this group of expenditure is R200.9 million and continues to grow to R 225.6 million and R 271.4 million for the two outer years.

Contracted services had been identified as a cost saving area for the City. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R18.5 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.

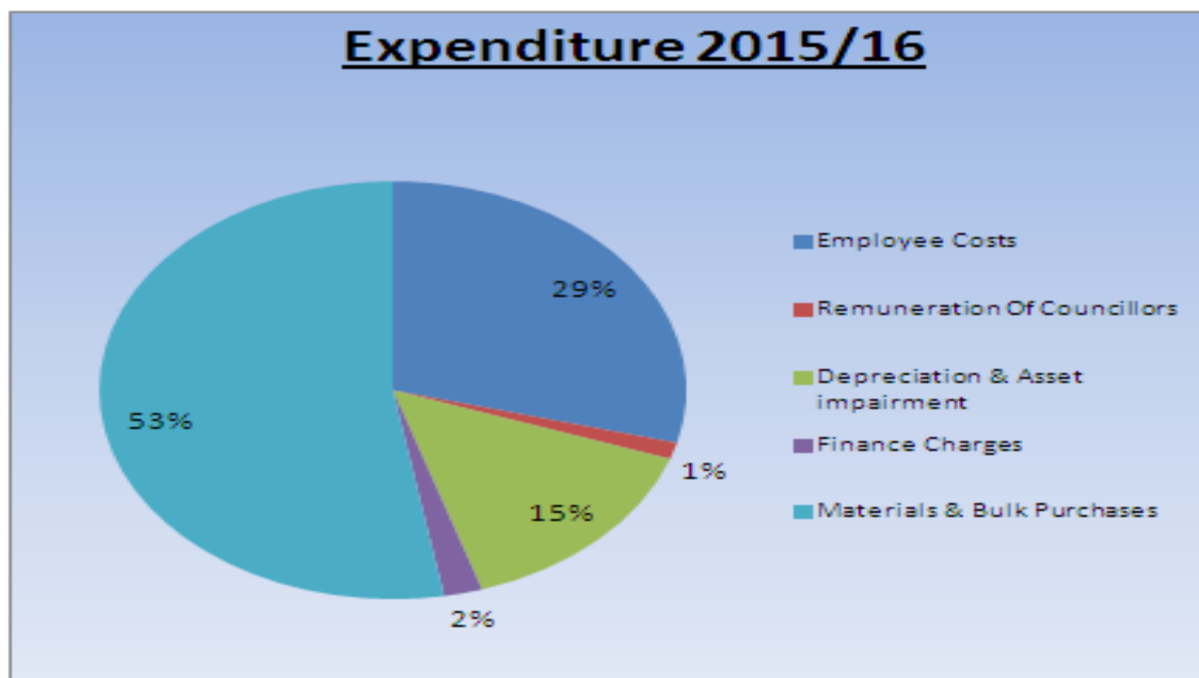


Figure 1 Main operational expenditure categories for the 2015/16 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. The provision for repairs and maintenance is below the norm due to 89% provision on capital budget towards infrastructure renewal. Considering these cost drivers, the following table is a consolidation by business unit of the repairs and maintenance expenditures:

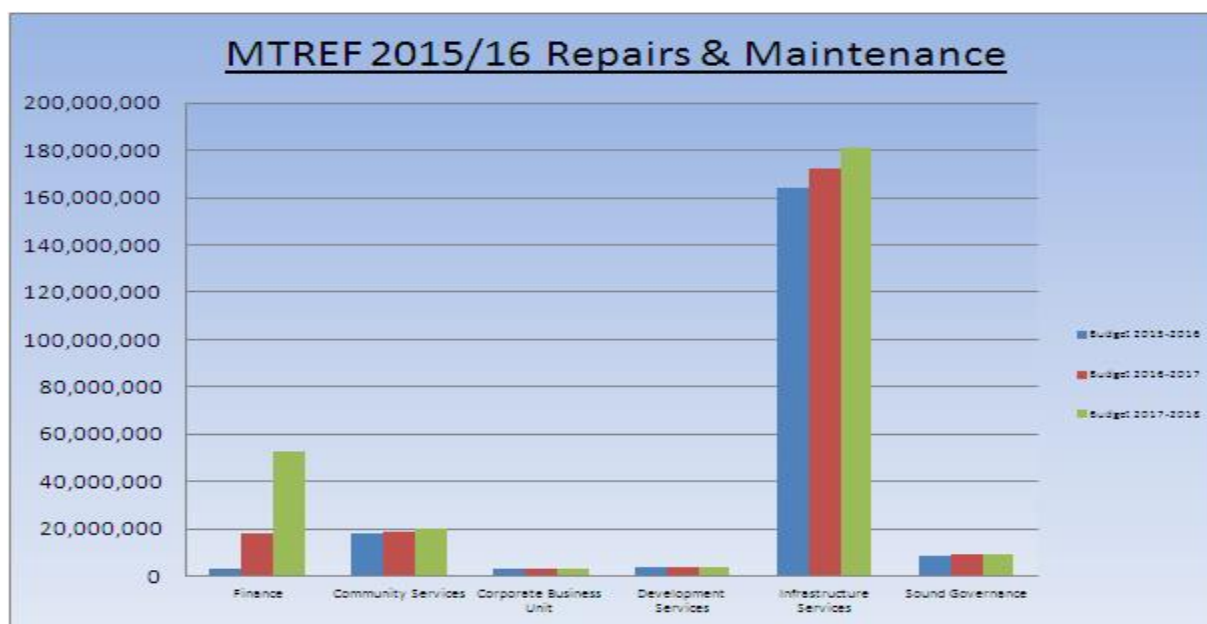


Table 11 Operational repairs and maintenance

<u>Business Unit</u>	<u>Budget 2015-2016</u>	<u>Budget 2016-2017</u>	<u>Budget 2017-2018</u>
Finance	3,198,959	17,978,914	52,729,531
Community Services	18,154,548	19,062,282	20,091,645
Corporate Business Unit	2,976,660	3,127,292	3,296,166
Development Services	3,705,818	3,891,099	4,101,218
Infrastructure Services	163,973,260	172,098,694	181,288,892
Sound Governance	8,523,269	8,999,428	9,485,397

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 56, 71 per cent in the 2014/15 financial year, from R139,1 million to R217,9 million. The total allocation for 2015/16 equates to R201 million which is a slight decline of 7, 8 per cent thereafter grows to 12,4 and 20,3 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5,1, 5,3 and 5,8 per cent for the respective financial years of the MTREF. This is aligned to capital budget of which 89 percent of the R&M budget is

directed towards the upgrade of infrastructure assets which therefore compensates for the lower repairs and maintenance budget.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 12 Repairs and maintenance per asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		25,196	31,185	57,165	163,342	126,076	126,076	125,914	131,867	142,872
<u>Community</u>		9,015	2,074	–	–	–	–	4,582	4,811	5,071
<u>Heritage assets</u>		–	55,926	42,746	–	–	–	–	–	–
<u>Other assets</u>		5,298	8,597	39,150	126,015	91,841	91,841	70,481	88,948	123,544
Total Repairs and Maintenance Expenditure	1	39,510	97,782	139,060	291,357	217,917	217,917	200,976	225,625	271,486
<i>R&M as a % of PPE</i>		0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	3.1%	3.3%	3.8%
<i>R&M as % Operating Expenditure</i>		1.4%	3.0%	3.9%	8.3%	6.1%	6.1%	5.1%	5.3%	5.8%

For the 2015/16 financial year, 62.6 per cent or R125.9 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 38.4 per cent (R77.8 million), followed by road infrastructure at 25.2 per cent (R50.9 million), water at 13.4 per cent (R27.2 million) and sanitation at 4.3 per cent (R8.8 million).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2015/16 Medium-term capital budget per vote

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Corporate Services	45,191	41,536	5,600	29,272	29,272	29,272	29,272	33,265	33,750	43,007
Financial Management Area	3,971	14,349	7,012	34,896	69,896	69,896	69,896	25,710	-	5,000
Infrastructure Development, Service Delivery and Maintenance Management	277,625	285,606	322,984	434,363	506,585	506,585	506,585	601,815	553,785	536,470
Sustainable Community Service Delivery Provision Management	32,025	60,384	28,310	99,223	99,223	99,223	99,223	48,271	48,837	16,343
	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820

For 2015/16 an amount of R 601.8 million has been appropriated for the development of infrastructure which represents 84.8 per cent of the total capital budget. In the outer years this amount totals R 553.7 million, 87.0 per cent and R 536.4 million, 89.2 per cent respectively for each of the financial years. Roads and Storm water receives the highest allocation of R330.5 million in 2015/16 which equates to 46.6 per cent followed by electricity infrastructure at 18.7 per cent, R133.0 million and then Water and Sanitation at 16.8 per cent, R119.6 million.

The renewal on existing assets represent 89.7 per cent or R636.6 million of the total capital budget while new assets equates to 10.3 per cent or R72.4 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

<u>Project Description</u>	<u>Amount</u>
Dot - Public Transport Infrastructure	213,271
Dbisa - Network 132Kv Rehabilitation Plan	100,000
Mwig -Masons Reservoir Pipeline	26,889
Financial Management System	25,000
Mig - Regional Athletic Track Sport Complex	20,000
Mwig - Basic Water Supply	16,444
Mig -Reduction Of Non Revenue Water	16,000
Cnl - Network 132Kv Rehabilitation Plan	15,000
Thwala Road Upgrade	15,000
Mwig - Reduction Of Non Revenue Water	15,000
Inep - Electrification	10,000

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent by vote over the MTREF.

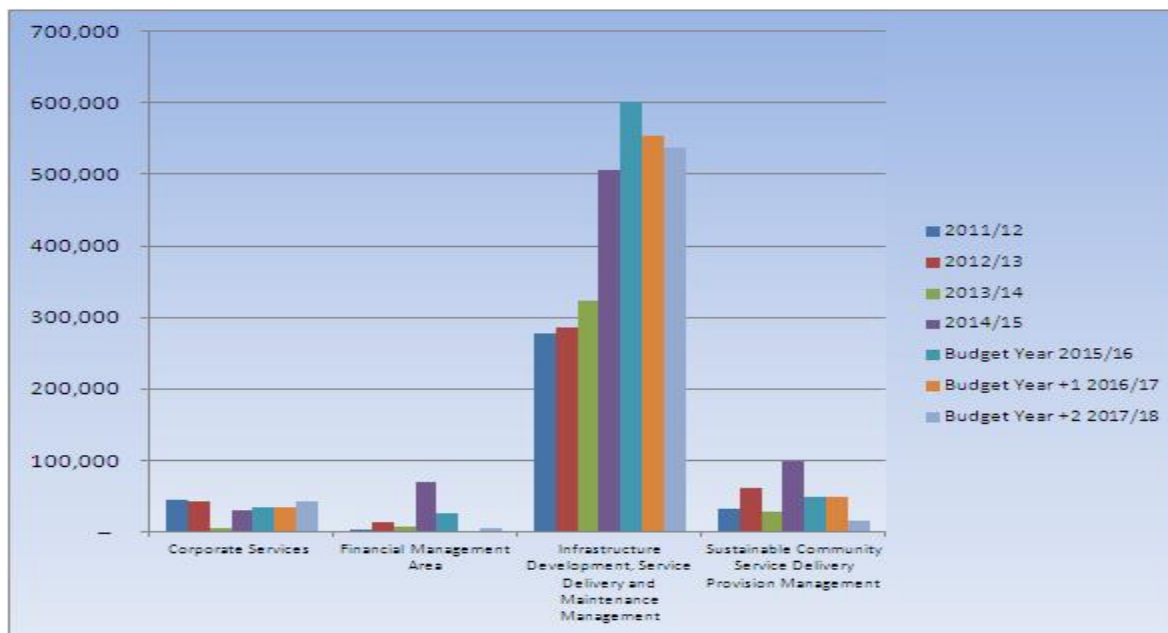


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91. It needs to be noted that as part of the 2015/16 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	536,555	625,459	625,627	698,283	698,283	698,283	698,283	784,462	828,050	869,627
Service charges	1,678,603	1,982,479	2,073,501	2,234,125	2,234,125	2,234,125	2,234,125	2,566,360	2,834,621	3,121,304
Investment revenue	25,907	34,284	43,303	32,247	32,247	32,247	32,247	33,988	35,824	37,758
Transfers recognised - operational	351,599	395,622	448,122	415,372	407,504	407,504	407,504	440,652	463,799	502,985
Other own revenue	137,961	172,663	293,743	190,549	188,543	188,543	188,543	211,526	208,508	218,606
Total Revenue (excluding capital transfers and contributions)	2,730,624	3,210,507	3,484,296	3,570,375	3,560,702	3,560,702	3,560,702	4,036,987	4,370,803	4,750,280
Employee costs	666,196	684,337	741,537	855,887	855,887	855,887	855,887	956,536	1,009,506	1,073,538
Remuneration of councillors	31,427	33,422	37,100	39,272	39,272	39,272	39,272	42,350	45,639	48,124
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,746	537,857	595,059
Finance charges	72,134	70,966	67,174	60,738	60,738	60,738	60,738	69,489	68,312	61,719
Materials and bulk purchases	1,219,818	1,373,241	1,453,408	1,504,720	1,570,370	1,570,370	1,570,370	1,766,585	1,940,725	2,129,302
Transfers and grants	4,144	4,164	4,429	5,408	5,408	5,408	5,408	5,854	6,599	6,999
Other expenditure	472,813	876,219	854,235	774,761	766,055	766,055	766,055	706,958	756,645	826,849
Total Expenditure	2,740,206	3,279,500	3,611,214	3,500,255	3,557,200	3,557,200	3,557,200	4,033,517	4,365,303	4,741,591
Surplus/(Deficit)	(9,582)	(68,993)	(126,918)	70,320	3,501	3,501	3,501	5,000	8,689	8,689
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	139,488	101,855	119,265	364,144	317,975	317,975	317,975	492,530	471,872	489,509
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	139,488	101,855	119,265	364,144	317,975	317,975	317,975	492,530	471,872	489,509
Capital expenditure & funds sources										
Capital expenditure	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Internally generated funds	209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
Total sources of capital funds	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820
Financial position										
Total current assets	1,938,987	2,354,336	2,648,051	2,605,848	2,759,625	2,759,625	2,759,625	2,970,739	3,082,934	3,213,029
Total non current assets	6,755,216	6,730,000	6,647,608	7,626,734	7,093,274	7,093,274	7,093,274	7,057,626	7,464,674	7,564,500
Total current liabilities	760,873	852,654	928,845	1,082,432	1,424,818	1,424,818	1,424,818	845,066	866,262	579,790
Total non current liabilities	886,085	1,077,060	1,118,248	868,990	868,990	868,990	868,990	1,118,296	1,140,662	1,163,475
Community wealth/Equity	7,047,244	7,154,622	7,248,566	8,281,160	7,559,090	7,559,090	7,559,090	8,065,002	8,540,684	9,034,264
Cash flows										
Net cash from (used) operating	479,044	499,367	535,378	576,871	703,471	703,471	703,471	706,264	583,348	595,819
Net cash from (used) investing	(214,852)	(375,050)	(384,130)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
Net cash from (used) financing	63,596	(27,864)	(42,043)	57,309	57,309	57,309	57,309	55,400	2,522	(48,507)
Cash/cash equivalents at the year end	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591
Cash backing/surplus reconciliation										
Cash and investments available	626,871	723,969	834,175	876,375	1,030,151	1,030,151	1,030,151	969,218	970,728	980,858
Application of cash and investments	58,272	(132,920)	(275,983)	31,253	309,580	309,580	309,580	(475,648)	(529,158)	(917,874)
Balance - surplus (shortfall)	568,600	856,889	1,110,158	845,121	720,572	720,572	720,572	1,444,866	1,499,887	1,898,732
Asset management										
Asset register summary (WDV)	6,746,114	6,885,364	7,048,177	7,137,911	7,084,456	7,084,456	6,940,161	6,940,161	6,972,252	6,907,794
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	485,746	485,746	537,857	595,059
Renewal of Existing Assets	251,311	291,772	189,594	289,444	316,594	316,594	316,594	636,636	536,784	514,681
Repairs and Maintenance	39,510	97,782	139,060	291,357	217,917	217,917	202,126	202,126	280,975	361,657
Free services										
Cost of Free Basic Services provided	-	-	-	68,843	68,843	68,843	208	208	208	208
Revenue cost of free services provided	-	338,903	363,502	391,259	391,259	391,259	208	208	208	208
Households below minimum service level										
Water:	6	-	-	7	7	11	11	11	10	10
Sanitation/sewerage:	5	-	-	31	31	31	-	-	-	-
Energy:	-	-	-	3	3	3	-	-	-	-
Refuse:	-	74	54	61	61	61	43	43	43	23

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		884,278	964,196	1,351,283	1,152,827	1,169,204	1,169,204	1,240,510	1,302,013	1,383,957
Executive and council		4,164	5,880	5,799	-	-	-	1,600	1,625	1,700
Budget and treasury office		864,518	928,417	1,328,000	1,149,665	1,161,648	1,161,648	1,228,885	1,290,107	1,371,691
Corporate services		15,596	29,898	17,484	3,162	7,556	7,556	10,024	10,281	10,566
<i>Community and public safety</i>		50,369	73,800	70,091	13,361	13,361	13,361	68,651	69,120	71,058
Community and social services		22,179	35,435	20,997	3,250	3,250	3,250	31,421	28,799	30,225
Sport and recreation		5,971	7,342	15,617	729	729	729	838	885	933
Public safety		5,450	10,435	8,742	5,828	5,827	5,827	21,248	20,322	21,419
Housing		4,123	5,233	18,135	3,485	3,485	3,485	15,112	19,080	18,445
Health		12,645	15,355	6,600	70	70	70	32	34	36
<i>Economic and environmental services</i>		160,261	188,806	162,232	171,598	175,646	175,646	472,320	480,289	491,528
Planning and development		40,952	44,131	41,717	7,972	12,020	12,020	70,135	79,601	82,279
Road transport		119,309	144,676	120,515	163,627	163,627	163,627	402,185	400,688	409,249
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,678,603	1,962,479	2,073,501	2,437,047	2,437,400	2,437,400	2,716,559	2,958,200	3,255,515
Electricity		1,212,660	1,401,971	1,486,939	1,700,095	1,700,095	1,700,095	1,906,710	2,127,603	2,381,340
Water		288,345	386,419	380,807	500,521	500,521	500,521	570,675	582,634	612,822
Waste water management		107,507	120,089	126,301	149,071	149,071	149,071	143,483	148,698	156,728
Waste management		70,091	73,999	79,454	87,359	87,712	87,712	95,690	99,264	104,625
<i>Other</i>	4	106,183	172,075	73,371	89,565	79,565	79,565	28,007	27,554	29,042
Total Revenue - Standard	2	2,879,694	3,381,355	3,730,479	3,864,399	3,875,176	3,875,176	4,526,047	4,837,175	5,231,100
Expenditure - Standard										
<i>Governance and administration</i>		366,311	851,296	693,274	691,420	682,714	682,714	499,300	552,588	616,585
Executive and council		61,304	65,332	17,389	384,298	384,298	384,298	107,609	116,432	123,036
Budget and treasury office		304,381	785,592	668,377	200,157	191,451	191,451	171,968	204,190	239,724
Corporate services		626	372	7,508	106,965	106,965	106,965	219,723	231,967	253,824
<i>Community and public safety</i>		470,097	448,320	572,916	421,741	421,741	421,741	494,075	516,112	546,291
Community and social services		90,933	89,733	102,566	99,202	99,202	99,202	127,547	130,644	138,442
Sport and recreation		104,373	104,649	120,260	81,358	81,358	81,358	107,339	113,185	120,622
Public safety		185,265	188,045	266,751	196,317	196,317	196,317	203,382	213,194	224,874
Housing		31,956	31,422	48,487	25,149	25,149	25,149	36,390	38,740	40,818
Health		57,570	34,470	34,852	19,716	19,716	19,716	19,417	20,349	21,534
<i>Economic and environmental services</i>		454,830	351,985	509,355	462,751	462,751	462,751	564,150	603,466	644,862
Planning and development		62,855	56,981	81,258	128,290	128,290	128,290	110,638	117,043	124,388
Road transport		391,974	295,004	428,097	334,461	334,461	334,461	453,512	486,423	520,474
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,402,711	1,576,052	1,788,736	1,893,221	1,958,872	1,958,872	2,434,243	2,648,597	2,885,950
Electricity		919,410	1,039,361	1,171,050	1,374,093	1,374,093	1,374,093	1,559,620	1,699,914	1,859,173
Water		297,925	333,880	364,843	406,791	472,442	472,442	587,319	637,281	693,714
Waste water management		116,055	130,627	177,476	9,621	9,621	9,621	181,939	196,148	211,431
Waste management		69,321	72,185	75,367	102,716	102,716	102,716	105,365	115,255	121,631
<i>Other</i>	4	46,258	51,847	46,933	31,122	31,122	31,122	41,749	44,541	47,904
Total Expenditure - Standard	3	2,740,207	3,279,500	3,611,214	3,500,255	3,557,200	3,557,200	4,033,517	4,365,303	4,741,591
Surplus/(Deficit) for the year		139,487	101,855	119,265	364,144	317,976	317,976	492,530	471,872	489,509

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, however this is not the case for Water, Waste water and the Waste management functions. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote									
Vote 1 - Corporate Services	61,413	104,873	38,363	311,882	310,156	310,156	86,561	76,923	83,271
Vote 2 - Financial Management Area	875,469	926,114	1,213,051	1,077,719	1,077,719	1,077,719	1,466,381	1,505,003	1,600,442
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	1,794,119	2,121,037	2,248,333	2,436,060	2,448,525	2,448,525	2,766,962	3,044,867	3,330,505
Vote 4 - Sustainable Community Service Delivery Provision Management	148,692	229,330	230,731	38,737	38,775	38,775	206,143	210,382	216,882
Total Revenue by Vote	2,879,694	3,381,355	3,730,479	3,864,399	3,875,176	3,875,176	4,526,047	4,837,175	5,231,100
Expenditure by Vote to be appropriated									
Vote 1 - Corporate Services	17,599	84,249	45,800	263,785	263,785	263,785	665,552	703,682	744,331
Vote 2 - Financial Management Area	414,773	571,097	576,386	481,725	466,342	466,342	592,671	640,829	707,969
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	1,783,436	2,020,727	2,585,355	2,273,477	2,339,128	2,339,128	2,440,097	2,595,792	2,762,843
Vote 4 - Sustainable Community Service Delivery Provision Management	524,399	603,426	403,672	481,268	487,945	487,945	335,197	425,001	526,449
Total Expenditure by Vote	2,740,207	3,279,500	3,611,214	3,500,255	3,557,200	3,557,200	4,033,517	4,365,303	4,741,591
Surplus/(Deficit) for the year	139,488	101,855	119,265	364,144	317,975	317,975	492,530	471,872	489,509

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the City's trading services.

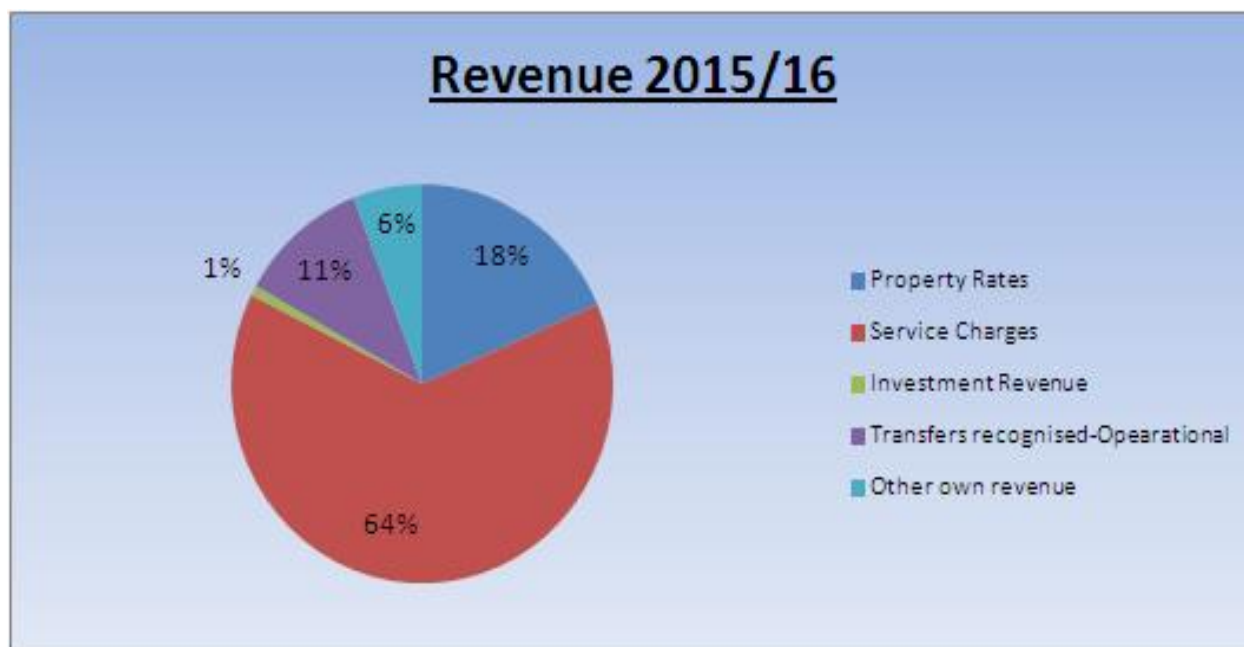
Table 17 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue									
Trading services									
Electricity	1,212,660	1,401,971	1,486,939	1,700,095	1,700,095	1,700,095	1,906,710	2,127,603	2,381,340
Water	288,345	386,419	380,807	500,521	500,521	500,521	570,675	582,634	612,822
Waste water management	107,507	120,089	126,301	149,071	149,071	149,071	143,483	148,698	156,728
Waste management	70,091	73,999	79,454	87,359	87,712	87,712	95,690	99,264	104,625
Total Revenue	1,678,603	1,982,479	2,073,501	2,437,047	2,437,400	2,437,400	2,716,559	2,958,200	3,255,515
Expenditure									
Trading services									
Electricity	919,410	1,039,361	1,171,050	1,374,093	1,374,093	1,374,093	1,559,620	1,699,914	1,859,173
Water	297,925	333,880	364,843	406,791	472,442	472,442	587,319	637,281	693,714
Waste water management	116,055	130,627	177,476	9,621	9,621	9,621	181,939	196,148	211,431
Waste management	69,321	72,185	75,367	102,716	102,716	102,716	105,365	115,255	121,631
Total Expenditure	1,402,711	1,576,052	1,788,736	1,893,221	1,958,872	1,958,872	2,434,243	2,648,597	2,885,950
Surplus/(Deficit) for the year	275,892	406,426	284,765	543,826	478,527	478,527	282,316	309,603	369,565
Percentage Surplus	16.44%	20.50%	13.73%	22.31%	19.63%	19.63%	10.39%	10.47%	11.35%

2. The trading services as a basket is showing a decrease over the 2015/16 MTREF from 19.6 per cent or R478.5 million in 2014/15 to R 369.5 million (11.3 per cent) over the MTREF period. This is primarily due to the increased costs of electricity as well as water bulk purchases.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	505,310	585,864	602,954	659,052	659,052	659,052	659,052	743,113	784,468	823,692
Property rates - penalties & collection charges	31,244	39,596	22,674	39,231	39,231	39,231	39,231	41,349	43,582	45,935
Service charges - electricity revenue	1,212,660	1,401,971	1,486,939	1,628,543	1,628,543	1,628,543	1,628,543	1,863,770	2,085,156	2,332,669
Service charges - water revenue	288,345	386,419	380,807	391,288	391,288	391,288	391,288	476,831	512,916	539,312
Service charges - sanitation revenue	107,507	120,089	126,301	126,582	126,582	126,582	126,582	134,917	141,417	149,054
Service charges - refuse revenue	70,091	73,999	79,454	87,712	87,712	87,712	87,712	90,841	95,132	100,269
Rental of facilities and equipment	17,944	20,896	21,572	35,024	35,024	35,024	35,024	41,329	43,292	44,468
Interest earned - external investments	25,907	34,284	43,303	32,247	32,247	32,247	32,247	33,988	35,824	37,758
Interest earned - outstanding debtors	58,254	82,051	53,055	1,325	1,325	1,325	1,325	62,593	66,366	69,950
Fines	3,813	8,371	102,751	14,667	14,667	14,667	14,667	17,488	16,356	17,239
Licences and permits	78	59	81	83	83	83	83	87	92	97
Agency services	374	733	669	3,220	3,220	3,220	3,220	632	668	704
Transfers recognised - operational	351,599	395,622	448,122	415,372	407,504	407,504	407,504	440,652	463,799	502,985
Other revenue	56,557	60,553	115,513	136,230	134,224	134,224	134,224	79,695	81,735	86,149
Gains on disposal of PPE	941		103					9,700		
Total Revenue (excluding capital transfers and contributions)	2,730,624	3,210,507	3,484,296	3,570,575	3,560,702	3,560,702	3,560,702	4,036,987	4,370,803	4,750,280
Expenditure By Type										
Employee related costs	666,198	684,337	741,537	855,887	855,887	855,887	855,887	956,536	1,009,506	1,073,538
Remuneration of councillors	31,427	33,422	37,100	39,272	39,272	39,272	39,272	42,350	45,659	48,124
Debt impairment	58,210	217,794	112,679	144,577	144,577	144,577	144,577	124,586	134,979	143,888
Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,746	537,857	595,059
Finance charges	72,134	70,966	67,174	60,738	60,738	60,738	60,738	69,489	68,312	61,719
Bulk purchases	1,219,818	1,373,241	1,453,402	1,479,522	1,545,173	1,545,173	1,545,173	1,736,811	1,907,233	2,093,955
Other materials	-	-	6	25,198	25,198	25,198	25,198	29,773	33,492	35,347
Contracted services	21,091	17,769	21,066	93,051	107,596	107,596	107,596	18,556	19,483	20,535
Transfers and grants	4,144	4,164	4,429	5,408	5,408	5,408	5,408	5,854	6,599	6,999
Other expenditure	393,513	636,923	708,198	537,133	513,882	513,882	513,882	563,817	602,182	662,426
Loss on disposal of PPE	-	3,733	12,291	-	-	-	-	-	-	-
Total Expenditure	2,740,206	3,279,500	3,611,214	3,500,255	3,557,200	3,557,200	3,557,200	4,033,517	4,365,303	4,741,591
Surplus/(Deficit)	(9,582)	(68,993)	(126,918)	70,320	3,501	3,501	3,501	3,470	5,500	8,689
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Surplus/(Deficit) after capital transfers & contributions	139,488	101,855	119,265	364,144	317,973	317,973	317,973	492,530	471,872	489,509



Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R4.03 billion in 2015/16 and escalates to R4.75 billion by 2017/18. This represents a year-on-year increase of 8.3 per cent for the 2016/17 financial year and 8.7 per cent for the 2017/18 financial year.
2. Revenue to be generated from property rates is R743 million in the 2015/16 financial year and increases to R823 million by 2017/18 which represents 18.4 per cent of the operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.8 per cent, 5.6 per cent and 5 per cent for each of the respective financial years of the MTREF.
3. Service charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R3.30 billion for the 2015/16 financial year and increasing to R3.94 billion by 2017/18. For the 2014/15 financial year services charges amount to 81.9 per cent of the total revenue base and grows by 9.3 per cent per, 9.3 percent and 8.9 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

5. The following graph illustrates the major expenditure items per type.

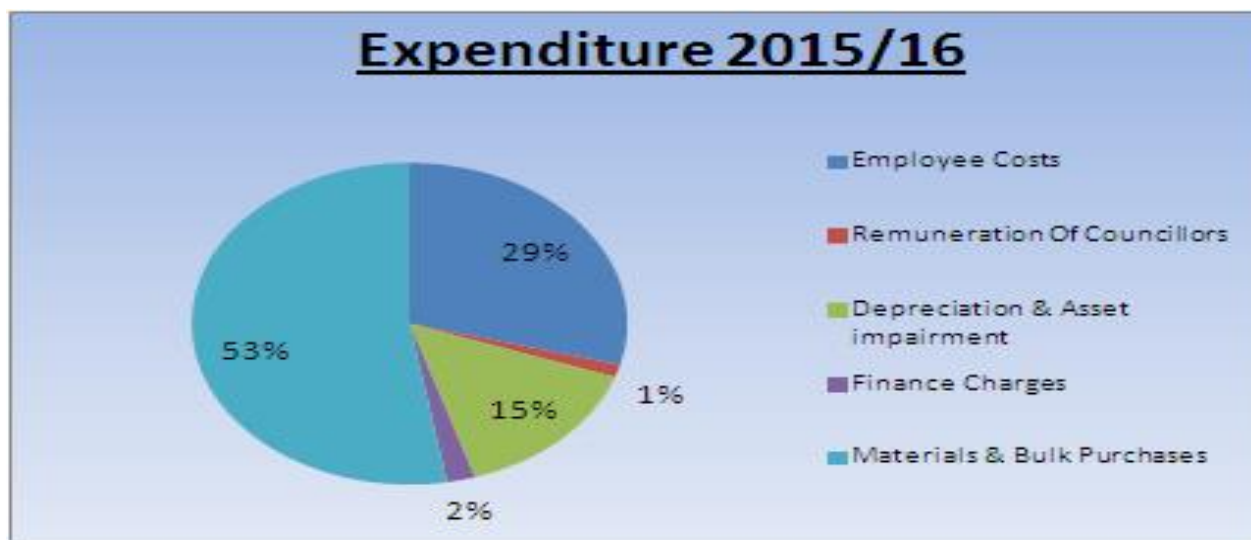


Figure 3 Expenditure by major type

6. Bulk purchases have steadily increased over the 2014/15 to 2017/18 period escalating from R1.54 billion to R2.09 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Umgeni Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Corporate Services	40,041	38,436	2,500	25,454	25,454	25,454	25,454	28,400	30,000	36,007
Vote 2 - Financial Management Area	35	7,349	-	24,417	56,217	56,217	56,217	25,000	-	5,000
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	195,273	211,354	187,094	321,922	348,072	348,072	348,072	589,310	537,172	500,820
Vote 4 - Sustainable Community Service Delivery Provision Management	15,963	34,634	-	74,305	74,305	74,305	74,305	32,200	26,500	13,000
Capital multi-year expenditure sub-total	251,311	291,773	189,594	446,098	504,048	504,048	504,048	674,910	593,672	554,827
Single-year expenditure to be appropriated										
Vote 1 - Corporate Services	5,150	3,100	3,100	3,818	3,818	3,818	3,818	4,865	3,750	7,000
Vote 2 - Financial Management Area	3,937	7,000	7,012	10,479	13,679	13,679	13,679	710	-	-
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	82,352	74,252	135,890	112,441	158,513	158,513	158,513	12,505	16,613	35,650
Vote 4 - Sustainable Community Service Delivery Provision Management	16,061	25,750	28,310	24,918	24,918	24,918	24,918	16,071	22,337	3,343
Capital single-year expenditure sub-total	107,500	110,102	174,312	151,656	200,928	200,928	200,928	34,150	42,700	45,993
Total Capital Expenditure - Vote	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820
Capital Expenditure - Standard										
Governance and administration	94,276	24,283	17,037	23,899	58,899	58,899	58,899	59,385	30,000	41,007
Executive and council	-	-	16,843	1,961	1,961	1,961	1,961	5,800	-	6,007
Budget and treasury office	94,276	24,283	194	21,938	56,938	56,938	56,938	53,585	30,000	35,000
Corporate services	-	-	-	-	-	-	-	-	-	-
Community and public safety	7,234	11,496	21,180	10,656	10,656	10,656	10,656	54,598	48,307	15,613
Community and social services	3,056	11,496	20,051	4,128	4,128	4,128	4,128	2,500	3,500	-
Sport and recreation	1,797	-	202	6,008	6,008	6,008	6,008	34,400	39,300	12,000
Public safety	390	-	845	520	520	520	520	8,353	3,950	1,930
Housing	1,279	-	12	-	-	-	-	7,725	200	-
Health	712	-	71	-	-	-	-	1,620	1,357	1,683
Economic and environmental services	82,510	91,401	104,017	350,836	377,986	377,986	377,986	339,647	370,368	365,858
Planning and development	11,718	-	19,768	173,873	201,023	201,023	201,023	9,590	4,800	7,050
Road transport	70,792	91,401	83,894	176,963	176,963	176,963	176,963	330,057	365,568	358,808
Environmental protection	-	-	355	-	-	-	-	-	-	-
Trading services	110,218	123,683	146,738	179,896	224,968	224,968	224,968	254,033	186,967	177,612
Electricity	32,320	71,957	68,142	95,035	140,107	140,107	140,107	133,000	85,500	39,405
Water	25,001	34,927	35,159	59,191	59,191	59,191	59,191	83,133	59,721	75,241
Waste water management	52,898	16,798	43,437	14,129	14,129	14,129	14,129	36,900	32,826	53,600
Waste management	-	-	-	11,541	11,541	11,541	11,541	1,000	8,920	9,366
Other	64,574	151,012	74,934	32,468	32,468	32,468	32,468	1,398	730	730
Total Capital Expenditure - Standard	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820
Funded by:										
National Government	124,014	148,694	198,670	283,897	302,047	302,047	302,047	489,060	466,372	480,820
Provincial Government	25,056	22,154	47,513	9,927	12,427	12,427	12,427	-	-	-
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Internally generated funds	209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
Total Capital Funding	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 R674.9 million has been allocated of the total R709.0 million capital budget, which totals 95.1 per cent. This allocation levels out to R593.6 million in 2016/17 and to R554.8 million in 2017/18 owing primarily to the fact that various projects reach completion in 2016/17 hence the spike in expenditure in year one.
3. Single-year capital expenditure has been appropriated at R34.1 million for the 2015/16 financial year and remains relatively constant over the MTREF at levels of R42.7 million and R45.9 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R489.0 million and levels off to R480.8 million by 2017/18. Borrowing has been provided at R150.0 million over the MTREF with internally generated funding totaling R120 million, for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 20 MBRR Table A6 - Budgeted Financial Position

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS										
Current assets										
Cash	65,767	43,818	49,972	320,733	50,000	50,000	50,000	45,433	52,241	54,086
Call investment deposits	561,104	680,152	784,203	555,595	980,105	980,105	980,105	1,085,994	1,109,937	1,118,221
Consumer debtors	442,012	553,773	667,397	767,954	767,954	767,954	767,954	883,147	971,462	1,068,608
Other debtors	117,859	321,503	403,194	156,279	156,279	156,279	156,279	376,438	383,966	391,646
Current portion of long-term receivables	66	46	46	42,691	42,691	42,691	42,691	43	47	53
Inventory	752,178	755,045	743,239	762,595	762,595	762,595	762,595	741,893	756,731	771,865
Total current assets	1,938,987	2,354,336	2,648,051	2,605,848	2,759,625	2,759,625	2,759,625	3,132,947	3,274,384	3,404,479
Non current assets										
Long-term receivables	-	8,771	9,588	8,771	8,771	8,771	8,771	9,455	9,644	9,837
Investments	-	-	-	46	46	46	46	-	-	-
Investment property	325,807	320,520	356,914	320,520	320,520	320,520	320,520	356,914	364,052	371,333
Investment in Associate										
Property, plant and equipment	6,417,768	6,183,925	6,054,916	7,283,930	6,750,470	6,750,470	6,750,470	6,948,785	7,017,300	7,018,060
Agricultural										
Biological		37,915	46,520	648	648	648	648	46,520	46,520	46,520
Intangible	3,459	1,899	2,098	3,959	3,959	3,959	3,959	27,283	57,283	45,827
Other non-current assets	8,181	176,969	177,572	8,859	8,859	8,859	8,859	179,008	182,588	200,847
Total non current assets	6,755,216	6,730,000	6,647,608	7,626,734	7,093,274	7,093,274	7,093,274	7,567,965	7,677,387	7,692,424
TOTAL ASSETS	8,694,202	9,084,336	9,295,659	10,232,582	9,852,899	9,852,899	9,852,899	10,700,912	10,951,771	11,096,903
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	45,832	46,664	43,029	42,691	42,691	42,691	42,691	61,751	73,149	77,414
Consumer deposits	71,648	79,589	85,109	87,548	87,548	87,548	87,548	92,798	98,948	104,198
Trade and other payables	643,081	722,004	793,830	948,479	1,290,866	1,290,866	1,290,866	1,217,489	821,324	452,894
Provisions	312	4,397	6,877	3,714	3,714	3,714	3,714	6,084	6,206	6,330
Total current liabilities	760,873	852,654	928,845	1,082,432	1,424,818	1,424,818	1,424,818	1,378,122	999,627	640,836
Non current liabilities										
Borrowing	577,963	541,325	497,398	100,000	100,000	100,000	100,000	579,761	548,013	467,808
Provisions	308,123	535,734	620,850	768,990	768,990	768,990	768,990	681,715	749,887	823,426
Total non current liabilities	886,085	1,077,060	1,118,248	868,990	868,990	868,990	868,990	1,261,476	1,297,900	1,291,234
TOTAL LIABILITIES	1,646,958	1,929,713	2,047,093	1,951,422	2,293,808	2,293,808	2,293,808	2,639,598	2,297,527	1,932,071
NET ASSETS	7,047,244	7,154,622	7,248,566	8,281,160	7,559,090	7,559,090	7,559,090	8,061,314	8,654,244	9,164,833
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	6,991,718	7,104,719	7,197,023	8,237,940	7,515,870	7,515,870	7,515,870	7,888,400	8,460,272	8,949,781
Reserves	55,526	49,903	51,543	43,220	43,220	43,220	43,220	172,914	193,972	215,052
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	7,047,244	7,154,622	7,248,566	8,281,160	7,559,090	7,559,090	7,559,090	8,061,314	8,654,244	9,164,833

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges	536,555	625,459	625,627	677,335	677,335	677,335	677,335	701,467	740,451	777,612
Service charges	1,678,603	1,982,479	2,073,501	2,167,101	2,167,101	2,167,101	2,167,101	2,349,116	2,539,498	2,801,937
Other revenue	20,556	(140,806)	127,907	171,131	249,675	249,675	249,675	84,318	84,001	88,537
Government - operating	351,599	395,622	448,122	415,372	330,731	330,731	330,731	440,652	463,799	502,985
Government - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Interest	84,160	116,335	96,358	32,247	24,508	24,508	24,508	64,837	68,543	72,244
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(2,269,366)	(2,579,604)	(3,015,146)	(3,113,993)	(2,994,206)	(2,994,206)	(2,994,206)	(3,347,843)	(3,704,405)	(4,059,597)
Finance charges	(72,134)	(70,966)	(67,174)	(60,738)	(60,738)	(60,738)	(60,738)	(69,489)	(68,312)	(61,719)
Transfers and Grants	-	-	-	(5,408)	(5,408)	(5,408)	(5,408)	(5,354)	(6,599)	(6,999)
NET CASH FROM/(USED) OPERATING ACTIVITIES	479,044	499,367	535,378	576,871	703,471	703,471	703,471	706,264	583,348	595,819
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	(3,850)	16,609	7,374	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	147,809	10,216	(18,993)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
Payments										
Capital assets	(358,811)	(401,875)	(372,511)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(214,852)	(375,050)	(384,130)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	112,361	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Increase (decrease) in consumer deposits	1,014	7,942	5,520	-	-	-	-	5,250	6,150	5,250
Payments										
Repayment of borrowing	(49,779)	(35,806)	(47,563)	(42,691)	(42,691)	(42,691)	(42,691)	(49,850)	(53,628)	(53,757)
NET CASH FROM/(USED) FINANCING ACTIVITIES	63,596	(27,864)	(42,043)	57,309	57,309	57,309	57,309	55,400	2,522	(48,507)
NET INCREASE/ (DECREASE) IN CASH HELD	327,788	96,452	109,206	269,738	124,237	124,237	124,237	172,159	30,286	9,635
Cash/cash equivalents at the year begin:	293,827	621,615	718,068	827,274	827,274	827,274	827,274	951,511	1,123,670	1,153,956
Cash/cash equivalents at the year end:	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591
Other current investments > 90 days	5,256	5,902	6,901	(220,683)	78,594	78,594	78,594	7,756	8,223	8,717
Non current assets - Investments	-	-	-	46	46	46	46	-	-	-
Cash and investments available:	626,871	723,969	834,175	876,375	1,030,151	1,030,151	1,030,151	1,131,427	1,162,178	1,172,307
Application of cash and investments										
Unspent conditional transfers	149,448	170,460	291,314	83,930	135,502	135,502	135,502	174,788	104,873	41,949
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	100,000	60,000	60,000	60,000	100,630	72,278	68,959
Other working capital requirements	(91,176)	(303,380)	(567,297)	(115,372)	151,383	151,383	151,383	(177,746)	(542,038)	(939,014)
Other provisions	-	-	-	(37,305)	(37,305)	(37,305)	(37,305)	6,084	6,206	6,330
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	120,000	140,000	160,000
Total Application of cash and investments:	58,272	(132,920)	(275,983)	31,253	309,580	309,580	309,580	223,756	(218,681)	(661,776)
Surplus(shortfall)	568,600	856,889	1,110,158	845,121	720,572	720,572	720,572	907,670	1,380,859	1,834,083

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City are fairly stable over the MTREF period.
4. The City has embarked on an extensive debt collection drive to reduce the already high debtor's book.
5. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R951.5 million as at the end of the 2013/14 financial year and escalates to R1.16 billion by 2017/18.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the MTREF period 2015/16 to 2017/18 the budgeted surplus is stable and constant.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF is funded.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to retain a surplus throughout the MTREF period.

Table 23 MBRR Table A9 - Asset Management

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE									
Total New Assets	107,500	110,102	174,312	308,310	388,382	388,382	72,424	99,588	86,139
Infrastructure - Road transport	43,937	45,000	4,780	108,100	108,100	108,100	2,230	4,500	1,300
Infrastructure - Electricity	3,986	4,083	131,000	63,500	108,572	108,572	18,000	20,500	24,405
Infrastructure - Water	24,819	25,419	6,250	24,677	24,677	24,677	25,444	28,321	38,041
Infrastructure - Sanitation	—	—	2,000	—	—	—	—	—	—
Infrastructure - Other	14,646	15,000	—	46,890	46,890	46,890	400	500	600
Infrastructure	87,387	89,502	144,030	243,167	288,239	288,239	46,074	53,821	64,346
Community	20,113	20,600	—	41,357	41,357	41,357	10,288	23,470	12,845
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	—	30,282	23,785	58,785	58,785	16,062	22,297	8,948
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	251,311	291,772	189,594	289,444	316,594	316,594	636,636	536,784	514,681
Infrastructure - Road transport	82,776	93,748	87,882	68,684	87,834	87,834	343,277	352,268	377,508
Infrastructure - Electricity	4,856	5,000	4,500	65,257	65,257	65,257	115,000	65,000	15,000
Infrastructure - Water	24,134	34,100	25,925	63,730	63,730	63,730	64,689	41,400	52,200
Infrastructure - Sanitation	25,446	46,200	34,797	31,938	31,938	31,938	29,500	22,326	38,000
Infrastructure - Other	28,194	27,499	8,091	6,171	6,171	6,171	1,000	8,920	9,366
Infrastructure	165,406	206,546	161,194	235,780	254,930	254,930	553,466	489,914	492,074
Community	25,329	35,749	13,849	52,615	52,615	52,615	31,250	16,600	11,100
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	60,576	49,477	14,550	1,050	9,050	9,050	26,920	270	6,507
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	25,000	30,000	5,000
Total Capital Expenditure	126,713	138,748	92,662	176,784	195,934	195,934	345,507	356,768	378,808
Infrastructure - Road transport	8,842	9,083	135,500	128,757	173,829	173,829	133,000	85,500	39,405
Infrastructure - Electricity	48,953	59,519	32,175	88,407	88,407	88,407	90,133	69,721	90,241
Infrastructure - Water	25,446	46,200	36,797	31,938	31,938	31,938	29,500	22,326	38,000
Infrastructure - Sanitation	42,839	42,499	8,091	53,061	53,061	53,061	1,400	9,420	9,966
Infrastructure - Other	252,793	296,049	305,224	478,947	543,169	543,169	599,540	543,735	556,420
Infrastructure	45,442	56,349	13,849	93,972	93,972	93,972	41,538	40,070	23,945
Community	—	—	—	—	—	—	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	60,576	49,477	44,832	24,835	67,835	67,835	42,982	22,567	15,455
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	25,000	30,000	5,000
TOTAL CAPITAL EXPENDITURE - Asset class	358,811	401,875	363,906	597,754	704,976	704,976	709,060	636,372	600,820
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1,798,047	1,810,377	1,816,831	1,977,546	1,807,601	1,807,601	1,868,237	2,015,209	2,142,160
Infrastructure - Electricity	1,227,562	1,265,234	1,302,588	1,519,411	1,365,114	1,365,114	1,546,767	1,583,638	1,653,320
Infrastructure - Water	909,907	929,583	941,979	950,808	854,583	854,583	878,146	846,649	787,186
Infrastructure - Sanitation	571,449	577,252	604,406	650,936	587,057	587,057	612,431	595,560	558,876
Infrastructure - Other	501,919	497,496	490,689	516,776	459,662	459,662	485,490	467,834	450,627
Infrastructure	5,008,884	5,079,942	5,156,492	5,615,477	5,074,071	5,074,071	5,391,071	5,508,892	5,592,170
Community	468,970	379,499	365,265	427,607	427,607	427,607	361,370	343,557	307,584
Heritage assets	115,629	294,949	177,572	176,706	176,706	176,706	177,572	177,572	177,572
Investment properties	325,807	320,520	356,914	320,520	320,520	320,520	356,914	364,052	371,333
Other assets	823,366	770,640	943,316	592,994	1,080,999	1,080,999	1,018,771	987,278	940,735
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	37,915	46,520	648	648	648	46,520	46,520	46,520
Intangibles	3,459	1,899	2,098	3,959	3,959	3,959	27,283	57,283	45,827
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	6,746,114	6,885,364	7,048,177	7,137,911	7,084,436	7,084,436	7,379,502	7,485,155	7,481,740
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	273,673	237,153	453,332	259,469	259,469	259,469	485,746	537,857	595,059
<u>Repairs and Maintenance by Asset Class</u>	39,510	97,782	139,060	291,357	217,917	217,917	202,126	280,975	361,657
Infrastructure - Road transport	3,392	5,361	7,094	63,667	26,947	26,947	29,658	51,811	85,115
Infrastructure - Electricity	13,726	24,992	48,014	73,236	70,690	70,690	48,071	48,774	11,408
Infrastructure - Water	1,216	746	1,554	21,849	21,849	21,849	15,714	16,499	17,390
Infrastructure - Sanitation	—	—	502	6,591	6,591	6,591	4,807	5,047	5,320
Infrastructure - Other	6,862	86	—	—	—	—	8,814	9,255	9,754
Infrastructure	25,196	31,185	57,165	165,342	126,076	126,076	107,064	131,387	128,968
Community	9,015	2,074	—	—	—	—	4,582	4,811	5,071
Heritage assets	—	55,926	42,746	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	5,298	8,597	39,150	126,015	91,841	91,841	90,481	144,778	227,599
TOTAL EXPENDITURE OTHER ITEMS	313,183	334,935	592,392	550,827	477,386	477,386	687,872	818,832	956,717
<i>Renewal of Existing Assets as % of total capex</i>	70.0%	72.6%	52.1%	48.4%	44.9%	44.9%	89.8%	84.4%	85.7%
<i>Renewal of Existing Assets as % of deprecn*</i>	91.8%	123.0%	41.8%	111.6%	122.0%	122.0%	131.1%	99.8%	86.5%
<i>R&M as a % of PPE</i>	0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	2.9%	4.0%	5.2%
<i>Renewal and R&M as a % of PPE</i>	4.0%	6.0%	5.0%	8.0%	8.0%	8.0%	11.0%	11.0%	12.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The City has allocated 89.78 of the capital budget to the renewal of existing assets, and therefore the reduced budget for repairs and maintenance.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.

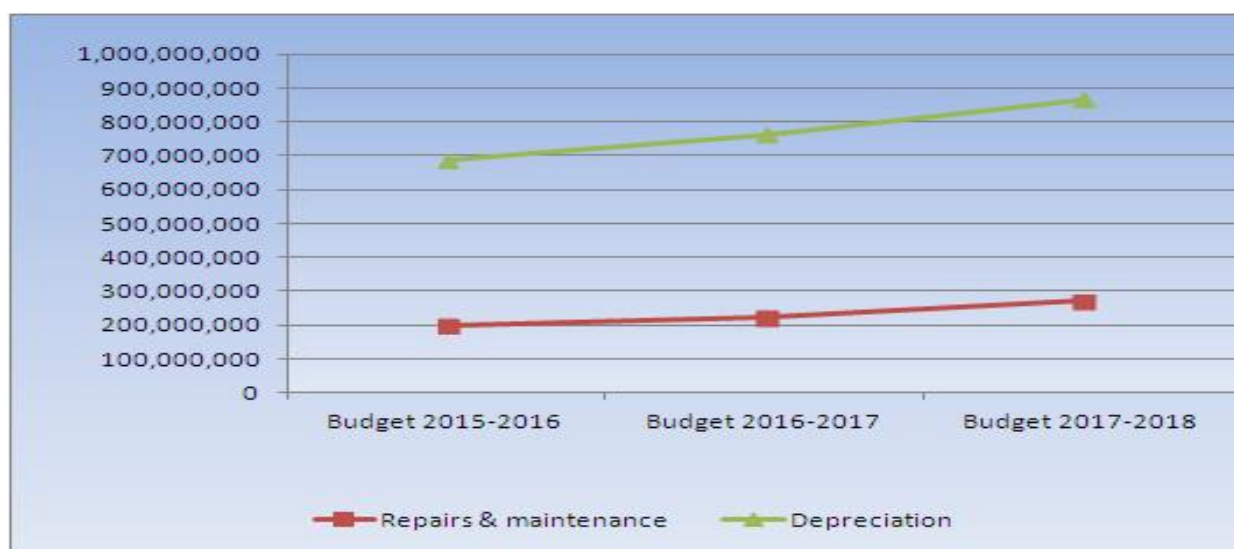
**Figure 4 Depreciation in relation to repairs and maintenance over the MTREF**

Table 24 MBRR Table A10 - Basic Service Delivery Measurement

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Budget		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets									
Water:									
Piped water inside dwelling	78,552	100	79	81,771	81,771	74,507	75,507	76,007	76,989
Piped water inside yard (but not in dwelling)	63,301	1	63	65,855	65,855	62,736	62,236	61,736	60,995
Using public tap (at least min.service level)	15,744	1	18	16,266	16,266	16,007	15,748	15,989	15,989
Other water supply (at least min.service level)									
Minimum Service Level and Above sub-total	157,597	100,842	160,097	163,892	163,892	153,250	153,491	153,732	153,973
Using public tap (< min.service level)							6,396	6,396	6,396
Other water supply (< min.service level)									
No water supply	6,396			6,659	6,659	4,347	4,106	3,865	3,624
Below Minimum Service Level sub-total	6,396			6,659	6,659	10,743	10,502	10,261	10,020
Total number of households	163,993	100,842	160,097	170,551	170,551	163,993	163,993	163,993	163,993
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	84,675	55,228	84,975	85,125	85,125	74,507	75,507	76,007	76,989
Flush toilet (with septic tank)	8,540	4,979	8,560	8,570	8,570	8,515	8,515	8,515	8,515
Chemical toilet	5,489	315	3,000	3,000	3,000	5,489	5,485	4,985	1,003
Pit toilet (ventilated)	28,344	32,116	24,344	22,344	22,344	68,365	74,486	74,486	77,486
Other toilet provisions (> min.service level)	32,044		24,044	20,044	20,044				
Using public tap (< min.service level)	159,092	92,638	144,923	139,063	139,063	156,876	163,993	163,993	163,993
Bucket toilet	1,585								
Other toilet provisions (< min.service level)				31,468	31,468	31,468			
No toilet provisions	3,316								
Total number of households	4,901			31,468	31,468	31,468			
Sanitation/sewerage:	163,993	92,638	144,923	170,551	170,551	188,344	163,993	163,993	163,993
Energy:									
Electricity (at least min.service level)		44,000	44,500	145,139	39,227	39,227	39,227	39,227	39,227
Electricity - prepaid (min.service level)		20,000	21,000	22,000	22,000	22,000			
Using public tap (< min.service level)		64,000	65,500	167,139	61,227	61,227	39,227	39,227	39,227
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)				3,412	3,412	3,412			
Other energy sources									
Total number of households				3,412	3,412	3,412			
Sanitation/sewerage:		64,000	65,500	170,551	64,639	64,639	39,227	39,227	39,227
Refuse:									
Removed at least once a week		70,000	89,910	110,000	57,437	57,437	57,437	57,437	57,437
Using public tap (< min.service level)		70,000	89,910	110,000	57,437	57,437	57,437	57,437	57,437
Removed less frequently than once a week		38,910	29,000						
Using communal refuse dump									
Using own refuse dump							43,000	43,000	23,000
Other rubbish disposal				26,551	26,551	26,551			
No rubbish disposal		35,090	25,090	34,000	34,000	34,000			
Total number of households		74,000	54,090	60,551	60,551	60,551	43,000	43,000	23,000
Sanitation/sewerage:		144,000	144,000	170,551	117,968	117,968	100,437	100,437	80,437
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)		20,119	21,125	21,760	4,532	4,532	4,532	4,532	4,532
Sanitation (free minimum level service)		20,119	21,125	21,760	3,470	3,470	3,470	3,470	3,470
Electricity/other energy (50kwh per household per month)					2,284	2,284	2,284	2,284	2,284
Refuse (removed at least once a week)		20,119	21,125	21,760	3,591	3,591	3,591	3,591	3,591
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)				50,880	50,880	50,880			
Sanitation (free sanitation service)				8,087	8,087	8,087			
Electricity/other energy (50kwh per household per month)				7,117	7,117	7,117			
Refuse (removed once a week)				2,759	2,759	2,759	208	208	208
Total cost of FBS provided (minimum social package)				68,843	68,843	68,843	208	208	208
Highest level of free service provided									
Property rates (R value threshold)		150,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)		50	50	70	70	70	70	70	70
Refuse (average litres per week)									
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)		16,431	17,623	18,969	18,969	18,969			
Property rates (other exemptions, reductions and rebates)									
Water		78,496	84,193	90,622	90,622	90,622			
Sanitation		60,109	64,472	69,395	69,395	69,395			
Electricity/other energy		123,984	132,984	143,138	143,138	143,138			
Refuse		59,883	64,229	69,134	69,134	69,134	208	208	208
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)		338,903	363,502	391,259	391,259	391,259	208	208	208

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City continues to make steady progress with the eradication of backlogs:
 - a) Water services – backlog reduction households as from 2011/12 to 2017/18. These households are largely found in reception areas and will need to be moved to formal areas so that they can receive services.
 - b) Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2011/12 up to 2017/18.
 - a. Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2011/12 up to 2017/18.
 - b. Electricity services – backlog reduction of households without the supply. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 6000 households budgeted to be electrified in 2013/14.
 - c. Refuse services – backlog projects a downward trend of households without a service as from 2011/12 up to 2017/18.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2014. Key dates applicable to the process were:

- **30 August 2014** Annual Performance Report submitted to Auditor-General as per S46 MSA
- **10 October 2014** the first sitting of the IDP representative forum
- **02 to 30 November 2014** Zonal IDP/ Budget Izimbizo convened by the Mayor
- **20 to 24 January 2015** conducted public hearings on proposed rates and tariffs for 2015/16 budget year

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-

year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54, 59,66,67,70 and 74 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

Ward Committees were utilised to facilitate the community consultation process which included open public briefing sessions. The applicable dates and venues were published in all the local

newspapers. Sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the submission to EXCO for finalisation of the 2015/16 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The City is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

- a) A well-serviced city;
- b) An accessible, connected city;
- c) A clean, green city;
- d) A friendly, safe city, and
- e) An economically prosperous city.
- f) A financially viable and well-governed city

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;

- Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of the City.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is a clear structural plan for the City;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
 - Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.

4. Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
 - Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
5. Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;

- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Viability and Management	An efficiently managed, financially viable and sustainable city	763,774	792,096	1,184,426	1,205,095	1,205,095	1,205,095	1,265,349	1,328,617	1,395,048
Basic Service and Infrastructure Development	A city where everybody has access to habitable human settlement-decent houses, clean water and proper sanitation	2,069,951	2,544,734	2,467,278	2,601,800	2,612,577	2,612,577	2,591,383	2,775,580	3,046,705
Local Economic Development	A vibrant economic centre, attracting investment, supporting business development and creating jobs	8,489	7,825	29,382	10,573	10,573	10,573	51,110	61,166	71,224
Good Governance and Public Participation	A well-governed city underpinned by meaningful public participation	237	245	284	326	326	326	342	339	377
Institutional Development and Transformation	A well-governed city underpinned by meaningful public participation	339	351	376	448	448	448	470	494	519
Environmental Planning and Social Services	An environmentally sustainable and healthy	34,903	36,103	48,733	46,157	46,157	46,157	56,157	58,465	60,889
Scheme as a part of Land Use Management System	To develop strong welcoming, caring & diverse communities living in a variety of friendly.									
To eradicate the housing backlog	Reduce housing backlogs and eliminate spatial separation by racial categories.									
To ensure proper regulations, control and enforcement	To promote & enhance e-governance									
To develop social housing	To promote integrated development									
Licensing of business & enforcement of bylaws	to be financial sound & well governed institution delivering on its legislative mandates							87	92	97
To provide adequate staffing levels	To promote & enhance e-governance									
To promote the involvement of communities	To promote integrated development									
Environmentally sustainable development	To promote integrated development									
To promote access to basic services	To promote integrated development							561,147	612,402	656,242
Scheme as a part of Land Use Management System	To develop strong welcoming, caring & diverse communities living in a variety of friendly.									
To eradicate the housing backlog	Reduce housing backlogs and eliminate spatial separation by racial categories.	-								
Allocations to other priorities										
Gains on disposal of PPE		2,879,694	3,381,354	3,730,479	3,864,399	3,875,176	3,875,176	4,526,047	4,837,175	5,231,100

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
To provide adequate staffing levels	To promote & enhance e-governance							65,000	69,550	75,110
To promote the involvement of communities	To promote integrated development				279,931	279,931	279,931	729,000	722,450	715,890
Environmentally sustainable development	To promote integrated development									
Financial Viability and Management	An efficiently managed, financially viable and sustainable city	788,843	796,112	949,280	983,839	983,839	983,839	205,369	208,468	213,891
Basic Service and Infrastructure Development	A city where everybody has access to habitable human settlement-decent houses, clean water and proper sanitation	1,911,827	2,439,028	2,613,908	2,178,164	2,235,110	2,235,110	2,231,136	2,359,826	2,618,213
Local Economic Development	A vibrant economic centre, attracting investment, supporting business development and creating jobs	6,936	7,795	9,238	11,521	11,521	11,521	15,339	17,702	19,337
Good Governance and Public Participation	A well-governed city underpinned by meaningful public participation	218	245	279	1,621	1,621	1,621	2,736	2,787	2,877
Institutional Development and Transformation	A well-governed city underpinned by meaningful public participation	311	350	370	1,721	1,721	1,721	3,843	3,897	3,992
Environmental Planning and Social Services	An environmentally sustainable and healthy city	32,070	35,970	38,139	43,458	43,458	43,458	46,543	47,474	48,424
To promote access to basic services	To promote integrated development							734,550	933,148	1,043,857
Licensing of business & enforcement of bylaws	To be financial sound & well governed institution delivering on its legislative mandates									
Scheme as a part of Land Use Management System	To develop strong welcoming, caring & diverse communities living in a variety of friendly.									
To eradicate the housing backlog	Reduce housing backlogs and eliminate spatial separation by racial categories.									
Allocations to other priorities										
Loss on disposal of PPE		2,740,206	3,279,500	3,611,214	3,500,255	3,557,201	3,557,201	4,033,517	4,365,303	4,741,591

Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 3 - Infrastructure Services										
Function 1 - Water										
Sub-function 1 - Non-Revenue Water										
Reduction of Non-Revenue Water	Percentage	20 783 000	15 000 000		20 000 000	20 000 000	20 000 000	31 000 000	34 000 000	35 000 000
Sub-function 2 - New mains and										
Edendale proper new mains and	No of meters of pipe	640 000	1 200 000		500 000	500 000	500 000	1 500 000	2 000 000	2 200 000
Sub-function 3 - Water Supply										
Basic Water Supply	No of meters of water	962 000	2 000 000		4 000 000	4 000 000	4 000 000	16 444 330	13 000 000	20 000 000
Sub-function 4 - Reservoirs										
Copesville Reservoir	Percentage Complete	2 935 000	21 219 450		300 000	300 000	300 000	1 000 000	1 500 000	15 000 000
Function 2 - Sanitation										
Sub-function 1 - Feasibility Study										
Sanitation Infrastructure Feasibility study	No of km of pipe	3 254 000	500 000		2 000 000	2 000 000	2 000 000	3 000 000	3 000 000	8 000 000
Sub-function 2 - Rehabilitation										
Rehabilitation of Sanitation Infrastructure	No of km of pipe	451 000	10 000 000		12 000 000	12 000 000	12 000 000	10 000 000	12 000 000	6 000 000
Sub-function 3 - Pump Stations										
Lincoln Meade sewer pump station	Percentage Complete	6 418 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 4 - Installation of VIPs										
Installation of VIPs in Vulindlela	Number of VIPs	18 731 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Function 3 - Electricity										
Sub-function 1 - Refurbishment										
Refurbish of mini-sub & pole	Number of mini-sub	20 013 000	6 000 000	1500000.0	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 1 - Refurbishment										
Medium Voltage Electrical Equipment	Number of Medium	2 665 000	12 500 000	2475000.0	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 1 - Refurbishment										
Hilton Line	Km of new line	623 000	13 500 00	R100 000 000	n/a	n/a	n/a	n/a		
Function 4 - Roads										
Sub-function 1 - Refurbishment										
CONSTRUCTION - KHOZA ROAD	No of km of Road	1 683 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 2 - Refurbishment										
CONSTRUCTION - HLATHINI ROAD	No of km of Road	5 238 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 3 - Refurbishment										
MACHIBISA DAMBUZA ROADS	No of km of Road	20 953 000	2 000 000	2 000 000	1 000 000	1 000 000	1 000 000	0	4 500 000	4 500 000
Sub-function 4 - Refurbishment										
UNIT P	No of km of Road	1 696 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 5 - Refurbishment										
REHAB OF GRAVEL ROAD D1128	No of km of Road	8 598 000	3 000 000	4 500 000	3 000 000	3 000 000	3 000 000	5 350 000	n/a	n/a
Sub-function 6 - Refurbishment										
REHAB OF WILLOWFOUNTAIN RD	No of km of Road	1 334 000	6 500 000	2 500 000	2 500 000	2 500 000	2 500 000	0	4 500 000	3 500 000
Sub-function 7 - Refurbishment										
REHAB OF ASHDOWN RD NETWORK	No of km of Road	1 470 000	2 500 000	1 500 000	2 500 000	2 500 000	2 500 000	3 000 000	3 000 000	3 000 000
Sub-function 8 - Refurbishment										
HORSE SHOE ACCESS ROAD IN IMBALI	No of km of Road	942 000	1 700 000	1 500 000	2 000 000	2 000 000	2 000 000	1 500 000	3 000 000	3 000 000
Sub-function 9 - Refurbishment										
CONSTRUCTION OF WATERFALL – EDN	No of km of Road	2 013 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 10 - Refurbishment										
MOSCOW ROAD	No of km of Road	241 000	4 000 000	2 500 000	3 200 000	3 200 000	3 200 000	4 000 000	1 500 000	-
Sub-function 11 - Refurbishment										
CONSTRUCTION OF STATION RD BRIDGE	No of km of Road	471 000	100 000	2 000 000	13 910 000	13 910 000	13 910 000	n/a	n/a	n/a
Sub-function 12 - Refurbishment										
CHOTA MOTALA / N3 INTERCHANGE	Construction of new	20 000 000	16 790 000	n/a	7 121 832	7 121 832	7 121 832	n/a	n/a	n/a
Vote 4 - Community Services										
Function 1 - Waste Management										
Sub-function 1 - Purchase of new										
COMPACTORS	Number of new	11 141 000	n/a	3 439 064	3 439 064	3 439 064	3 439 064	3 439 064	3 439 064	
Function 2 - Landfill Site										
Sub-function 1 - Upgrade										
Upgrade to Lanfill Site	Percentage Upgrade	5 647 000	2 053 000	8 090 850	6 328 294	6 328 294	6 328 294	8 520 650	8 919 650	
Vote 5 - Economic Development										
Function 1 - Local Economic										
Sub-function 1 - Freedom Square										
Upgrade to Freedom Square	% Upgrade to	14 300 000	6 500 000	NA	NA	NA	NA	NA	NA	

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

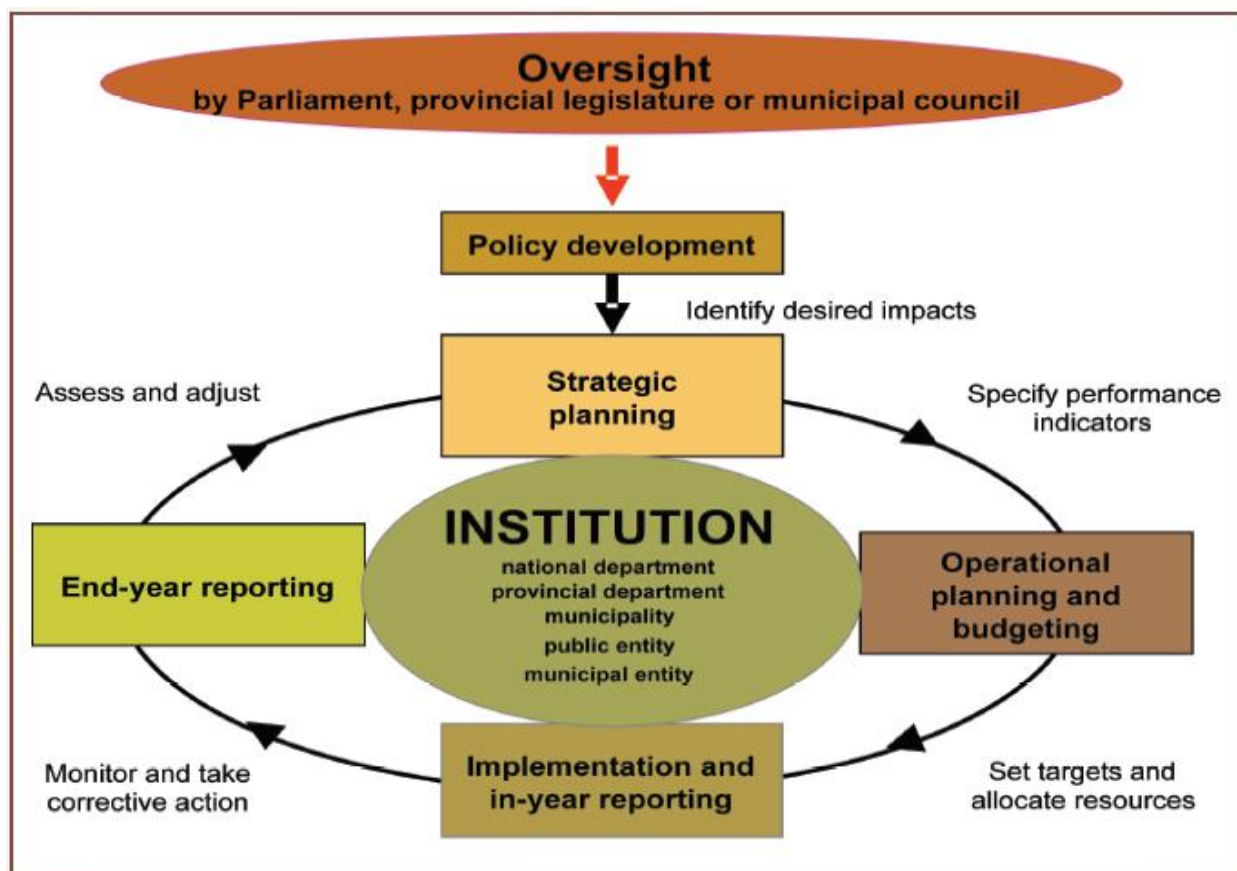


Figure 5 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

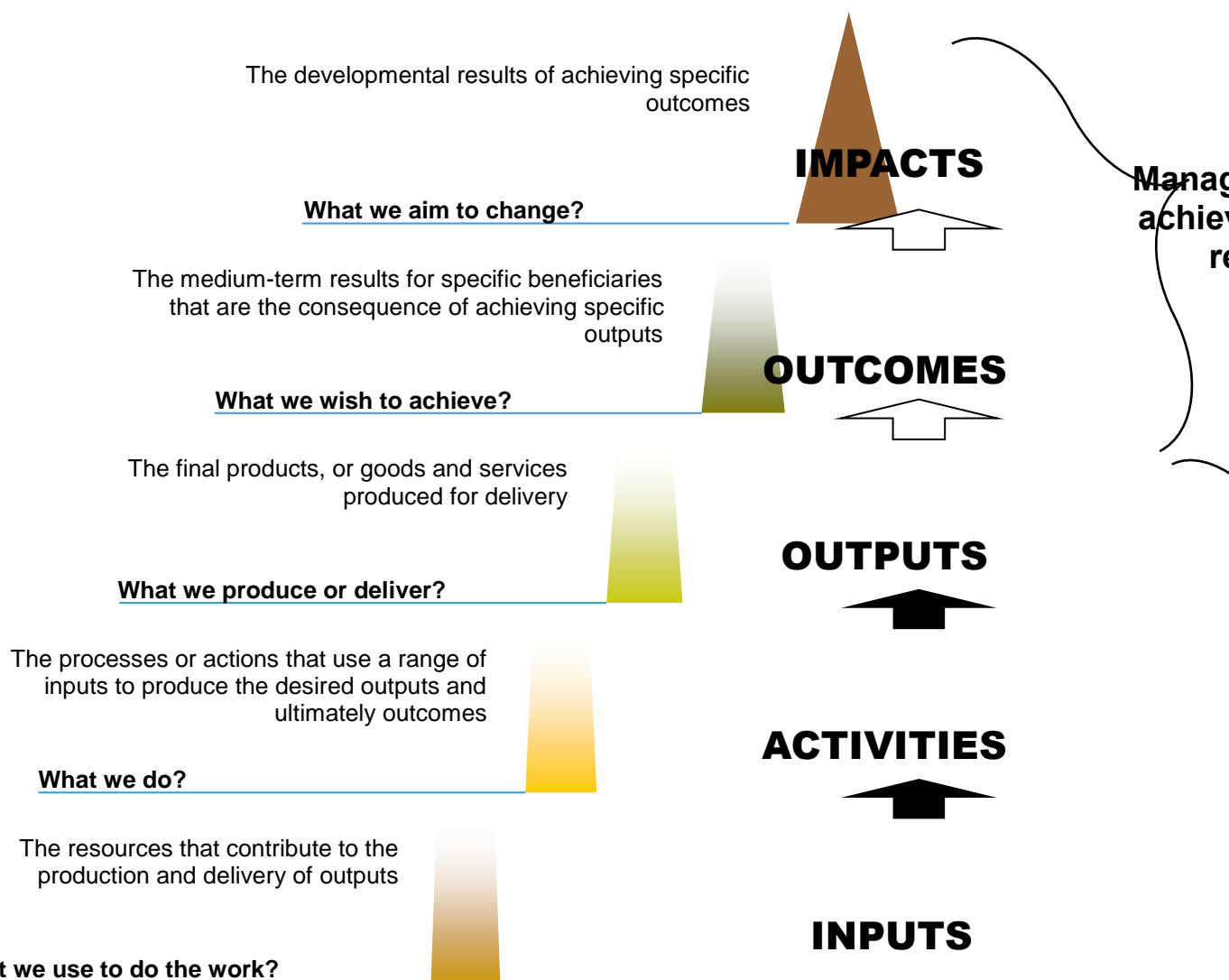


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 28 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 3 - Infrastructure Services										
Function 1 - Water										
Sub-function 1 - Non-Revenue Water										
Reduction of Non-Revenue Water	Percentage	29 783 000	15 000 000		20,000,000	20,000,000	20,000,000	31,000,000	34,000,000	35,000,000
Sub-function 2 - New mains and reticulation										
Edendale proper new mains and reticulation	No of meters of pipe laid	640 000	1 200 000		500,000	500,000	500,000	1,500,000	2,000,000	2,200,000
Sub-function 3 - Water Supply										
Basic Water Supply	No of meters of water pipe installed	962 000	2 000 000		4,000,000	4,000,000	4,000,000	16,444,330	13,000,000	20,000,000
Sub-function 4 - Reservoirs										
Copesville Reservoir	Percentage Complete	2 935 000	21 219 450		300,000	300,000	300,000	1,000,000	1,500,000	15,000,000
Function 2 - Sanitation										
Sub-function 1 - Feasibility Study										
Sanitation Infrastructure Feasibility study	No of km of pipe surveyed	3 254 000	500 000		2,000,000	2,000,000	2,000,000	3,000,000	3,000,000	8,000,000
Sub-function 2 - Rehabilitation										
Rehabilitation of Sanitation Infrastructure	No of km of pipe replaced and pump stations upgraded	451 000	10 000 000		12,000,000	12,000,000	12,000,000	10,000,000	12,000,000	6,000,000
Sub-function 3 - Pump Stations										
Lincoln Meade sewer pump station	Percentage Complete	6 418 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 4 - Installation of VIPs										
Installation of VIPs in Vulindlela	Number of VIPs	18 731 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Function 3 - Electricity										
Sub-function 1 - Refurbishment										
Refurbish of mini-sub & pole transformers	Number of mini-sub & pole transformers replaced	20 013 000	6 000 000	1500000.0	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 1 - Refurbishment										
Medium Voltage Electrical Equipment	Number of Medium Voltage Electrical Equipment replaced	2 665 000	12 500 000	2475000.0	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 1 - Refurbishment										
Hilton Line	Km of new line installed/replaced	623 000	13 500 00	R100 000 000	n/a	n/a	n/a	n/a	n/a	n/a
Function 4 - Roads										
Sub-function 1 - Refurbishment										
CONSTRUCTION - KHOZA ROAD	No of km of Road upgraded	1 683 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 2 - Refurbishment										
CONSTRUCTION - HLATHINI ROAD	No of km of Road upgraded	5 238 000	n/a		n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 3 - Refurbishment										
MACHIBISA, DAMBUZA ROADS	No of km of Road upgraded	20 953 000	2 000 000	2,000,000	1,000,000	1,000,000	1,000,000	0	4,500,000	4,500,000
Sub-function 4 - Refurbishment										
UNIT P	No of km of Road upgraded	1 696 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 5 - Refurbishment										
REHAB OF GRAVEL ROAD D1120	No of km of Road upgraded and Rehabilitated	8 598 000	3 000 000	4,500,000	3,000,000	3,000,000	3,000,000	5,350,000	n/a	n/a
Sub-function 6 - Refurbishment										
REHAB OF WILLOWFOUNTAIN RD	No of km of Road upgraded and Rehabilitation	1 334 000	6 500 000	2,500,000	2,500,000	2,500,000	2,500,000	0	4,500,000	3,500,000
Sub-function 7 - Refurbishment										
REHAB OF ASHDOWN RD NETWORK	No of km of Road upgraded	1 470 000	2 500 000	1,500,000	2,500,000	2,500,000	2,500,000	3,000,000	3,000,000	3,000,000
Sub-function 8 - Refurbishment										
HORSE SHOE ACCESS ROAD IN IMBALI	No of km of Road upgraded	942 000	1 700 000	1,500,000	2,000,000	2,000,000	2,000,000	1,500,000	3,000,000	3,000,000
Sub-function 9 - Refurbishment										
CONSTRUCTION OF WATERFALL - EDN	No of km of Road upgraded	2 013 000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sub-function 10 - Refurbishment										
MOSCOW ROAD	No of km of Road upgraded	241 000	4 000 000	2,500,000	3,200,000	3,200,000	3,200,000	4,000,000	1,500,000	-
Sub-function 11 - Refurbishment										
CONSTRUCTION OF STATION RD BRIDGE	No of km of Road upgraded	471 000	100 000	2,000,000	13,910,000	13,910,000	13,910,000	n/a	n/a	n/a
Sub-function 12 - Refurbishment										
CHOTA MOTALA / N3 INTERCHANGE	Construction of new bridge	20 000 000	16 790 000	n/a	7,121,832	7,121,832	7,121,832	n/a	n/a	n/a
Vote 4 - Community Services										
Function 1 - Waste Management										
Sub-function 1 - Purchase of new plant										
COMPACTORS	Number of new compactors purchased	11 141 000	n/a	3,439,064	3,439,064	3,439,064	3,439,064	3,439,064	3,439,064	
Function 2 - Landfill Site										
Sub-function 1 - Upgrade										
Upgrade to Landfill Site	Percentage Upgrade to Landfill Site	5 647 000	2 053 000	8 090 850	6 328 294	6 328 294	6 328 294	8,520,650	8,919,650	
Vote 5 - Economic Development										
Function 1 - Local Economic Development										
Sub-function 1 - Freedom Square										
Upgrade to Freedom Square	% Upgrade to Freedom Square	14 300 000	6 500 000	NA	NA	NA	NA	NA	NA	

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 29 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>											
Credit Rating		A3	-	A2	A2	A2	A2	A2			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.4%	3.3%	3.2%	3.0%	2.9%	2.9%	2.9%	3.0%	2.8%	2.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.1%	3.8%	3.8%	3.3%	3.3%	3.3%	3.3%	3.3%	3.1%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	1040.9%	1084.8%	965.0%	231.4%	231.4%	231.4%	231.4%	940.1%	940.1%	940.1%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.5	2.8	2.9	2.4	1.9	1.9	1.9	3.5	3.6	5.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.5	2.8	2.9	2.4	1.9	1.9	1.9	3.5	3.6	5.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.8	0.9	0.8	0.7	0.7	0.7	1.1	1.1	1.7
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		101.3%	89.1%	93.8%	96.6%	99.1%	99.1%	99.1%	88.2%	86.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		95.0%	88.7%	94.5%	96.6%	99.1%	99.1%	99.1%	88.2%	86.9%	87.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.5%	27.5%	31.0%	27.3%	27.4%	27.4%	27.4%	31.4%	31.2%	30.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	71.2%	67.0%	54.7%	81.2%	126.2%	126.2%	126.2%	44.5%	82.0%	
Creditors to Cash and Investments		70.9%	67.0%	54.8%	71.6%	113.1%	113.1%	113.1%	29.2%	29.0%	2.9%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	227046419	202469552	197490507							
	Total Cost of Losses (Rand '000)	119,064	122,346	140,284							
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	20,097	21,219	22,061							
	Total Cost of Losses (Rand '000)	75116848	92406903	103288988							
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	24.4%	21.3%	21.3%	24.0%	24.0%	24.0%	24.0%	23.7%	23.1%	22.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.5%	23.5%	23.7%	25.4%	25.5%	25.5%		25.3%	24.7%	23.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.4%	3.0%	4.0%	8.2%	6.1%	6.1%		5.0%	6.4%	7.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.7%	9.6%	14.9%	9.0%	9.0%	9.0%	9.0%	13.8%	13.9%	13.8%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.6	19.6	40.5	47.0	47.0	47.0	27.5	29.4	31.0	33.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.1%	33.3%	39.4%	32.6%	32.6%	32.6%	32.6%	37.1%	36.6%	36.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.4	3.3	3.7	4.6	3.9	3.9	3.9	4.3	4.1	3.8

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Batho Pele City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 0.76 per cent to 0.72 per cent in 2017/18, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained steady from between 3.3 per cent in 2012/13 to 2.9 per cent in 2014/15. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 3.0 per cent in 2015/16 and will then decrease to 2.4 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. For 2015/16 it is 45.5 per cent and the next year is 29.4 per cent

- During the approval of the 2014/15 budget council approved that a new loan of R 150 million could be secured, thus far we have received R 100 million in the third quarter of the current year.

2.3.1.2 Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the non-current borrowings as a percentage of funds and reserves. Due to the recent approval of the R250 million DBSA loan facility for the refurbishment of electricity projects, the proportion of debt to equity ratio in 2015/16 is budgeted at 336%. This ratio decreases in the medium term to 217% by 2017/18 as the municipality repays its debts and improves on its equity as contributions to the reserves increase.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2011/12 and 2013/14 the gearing ratio peaked at 1084.8 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio decreases to 231.4 per cent in the 2014/15 financial year, it however increases to 940.1 in the 2015/16 MTREF.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 1.9 in the 2015/16 financial year and for the two outer years of the MTREF is 2,3, 3,3 and 5,3 respectively. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 1,9 and as part of the financial

planning strategy it has been increased in that for the MTREF the ratio is projected to even improve reasonable

2.3.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 *Creditors Management*

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

2.3.1.6 *Other Indicators*

- The electricity distribution losses have been managed downwards from 12 per cent in the 2014/15 financial year to 11 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been significantly constant at 33.0 per cent in 2012/13 and 2013/14. The acceptable norm is 20.0 per cent.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance

has increased as part of the City's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year the registered indigents have been provided for in the budget in terms of the Municipality's indigent policy indigent households are entitled to 6kl free water, 70 kwh of electricity, sanitation and free waste removal equivalent to 85% once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) on page 41.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The City is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All of the City's bulk water needs are provided directly by Umgeni Water in the form of purified water.

The following is briefly the main challenges facing the City in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard.

2.4 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit control and debt Collection Policy as approved by Council in 30 May 2014 and is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The changes to the Budget policy are mainly to ensure effective budgeting in terms of chapter 4 of the MFMA to a large extent.

2.4.4 Supply Chain Management Policy

The above policy incorporates the recent changes regarding procurement procedures

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative

framework of the MFMA and the City's system of delegations. The Virement Policy was approved by Council.

2.4.6 Cash Management and Investment Policy

The City's Cash Management and Investment Policy was approved by Council. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The changes to the tariff policy specify the change in terminology of the indigent tariff. The policy has been amended to apply the indigent tariffs as specified in the tariff register whereas previously this was referred to as a lifeline tariff.

2.4.8 Funding & reserves policy

Basically this policy is meant to guide the use reserves and other funding that may become available. This policy is necessary since R120 millions of our capital budget will be funded from municipal own sources of income.

2.4.9 Indigent policy

The changes to the Indigent Policy are in terms of National Treasury recommendations and major feature of the policy is the re-introduction of automatic indigent and related controls. The lifeline relief in terms of water 6kl is the acceptable level nationally and that declared indigent should have 20amps in terms electricity supply.

2.4.10 Rates policy

The changes to the Rates policy are in terms of the Municipal Property Rates Act and accommodate the introduction of a rebate for developers and child headed households as outlined in the tariff register. The new valuation roll and supplementary roll are included.

2.4.11 Insurance policy

Mainly addresses issues to be considered when handling municipal insurance

2.4.12 Grants policy

Mainly treatment and disclosure of grant funding on municipal books

2.4.13 Borrowing policy

Emphasise importance of compliance with MFMA when borrowing has to take place.

2.5 Overview of budget assumptions**2.5.1 External factors**

During the preparation of our tariffs which is informed by national norms and standards and our utility prices for electricity and water are always dictated by NERSA and Umgeni Water Board. Our tariff escalation for Electricity and Water for financial year 2015/16 is in line with the recommendations NERSA and Umgeni and the reason for not adding the municipal mark-up is to mitigate the negative impact in the lives of the poor and meet our community half-way.

I therefore confidently can state that in our budget preparation the plight of poor of the poor has been our primary consideration.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;

- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 23.7 per cent of total operating expenditure in the 2015/16 MTREF.

2.5.3 Credit rating outlook

Table 30 Credit rating outlook remove this table and not replace

			145	
Short term	Rand	A2	Annually	A3

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on between 1 July 2011 to 30 June 2013. At this stage no standing collective agreement in place hence the use of circular 74, National treasury CPI guideline plus 1.1 per cent for any negotiations that might exceed the guideline.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to

align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

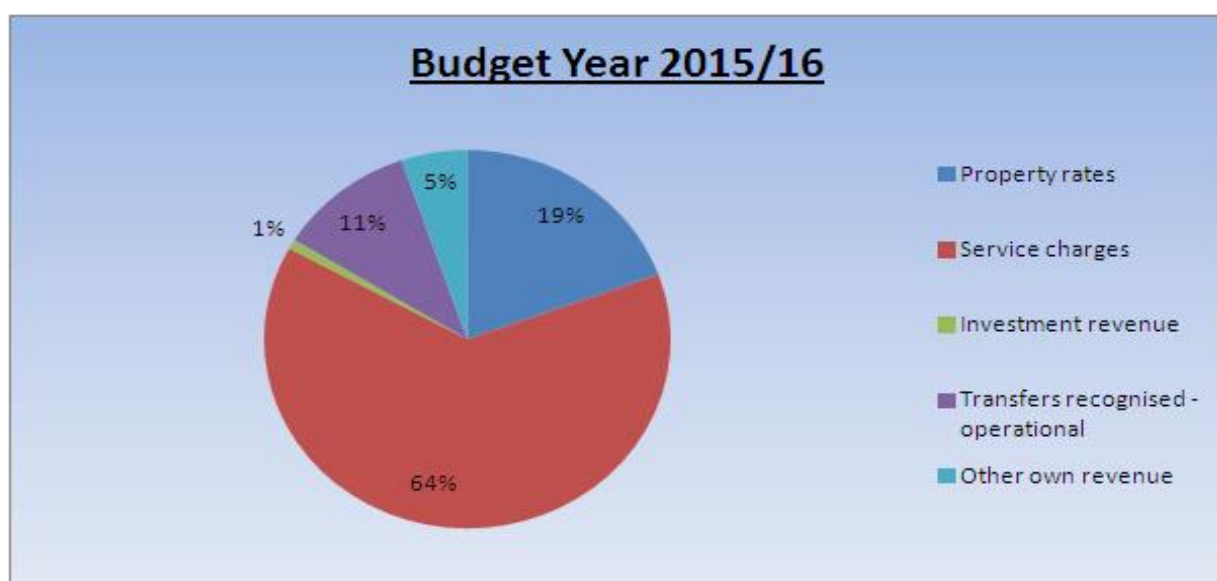
2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 31 Breakdown of the operating revenue over the medium-term

Description	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands			
Financial Performance	784,462	828,050	869,627
Property rates	2,566,360	2,834,621	3,121,304
Service charges	33,988	35,824	37,758
Investment revenue	440,652	463,799	502,985
Transfers recognised - operational	211,526	208,508	218,606
Other own revenue	4,036,987	4,370,803	4,750,280

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

**Figure 7 Breakdown of operating revenue over the 2015/16 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid

waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

Table 32 Analysis of estimated revenue projections

Description			2015/16 Medium Term Revenue & Expenditure					
	R thousand	Adjusted Budget		Budget Year 2015/16		Budget Year +1 2016/17		Budget Year +2 2017/18
<u>Revenue By Source</u>								
Property rates	659,052	13%	743,113	6%	784,468	5%	823,692	
Property rates - penalties & collection charges	39,231	5%	41,349	5%	43,582	5%	45,935	
Service charges - electricity revenue	1,628,543	14%	1,863,770	12%	2,085,156	12%	2,332,669	
Service charges - water revenue	391,288	22%	476,831	8%	512,916	5%	539,312	
Service charges - sanitation revenue	126,582	7%	134,917	5%	141,417	5%	149,054	
Service charges - refuse revenue	87,712	4%	90,841	5%	95,132	5%	100,269	
Service charges - other		0%		0%		0%		
Rental of facilities and equipment	35,024	18%	41,329	5%	43,292	3%	44,468	
Interest earned - external investments	32,247	5%	33,988	5%	35,824	5%	37,758	
Interest earned - outstanding debtors	1,325	0%	62,593	6%	66,366	5%	69,950	
Dividends received		0%		0%		0%		
Fines	14,667	19%	17,488	-6%	16,356	5%	17,239	
Licences and permits	83	6%	87	6%	92	5%	97	
Agency services	3,220	-80%	632	6%	668	5%	704	
Transfers recognised - operational	407,504	8%	440,652	5%	463,799	8%	502,985	
Other revenue	134,224	-41%	79,300	3%	81,735	5%	86,149	
Gains on disposal of PPE			9,700					
Total Revenue (excluding capital transfers and contributions)	3,560,702		4,036,592		4,370,804		4,750,280	

Revenue to be generated from property rates is R743 million in the 2015/16 financial year and increases to R823.6 million by 2017/18 which represents 18.4 per cent of the operating revenue base of the City. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R3.30 billion for the 2015/16 financial year and increasing to R3.94 billion by 2017/18. For the 2014/15 financial year services charges amount to 62.7 per cent of the total revenue base and. This growth in the MTREF can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R440.0 million, R463.7 million and R502.9 million for each of the respective financial years of the MTREF, or 10, 10.5 and 10.5 per cent of operating revenue.

Investment revenue contributes marginally to the revenue base of the City with a budget allocation of R33.9 million, R35.8 million and R37.8 million for the respective three financial years of the 2015/16 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 33 MBRR SA15 – Detail Investment Information

Investment type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
<u>Parent municipality</u>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	561,104	680,152	784,203	555,641	980,151	980,151	1,085,994	1,109,937	1,118,221
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	561,104	680,152	784,203	555,641	980,151	980,151	1,085,994	1,109,937	1,118,221
<u>Entities</u>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	1,033	983	583	199	199	199	667	765	785
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	1,033	983	583	199	199	199	667	765	785
Consolidated total:	562,137	681,134	784,786	555,841	980,351	980,351	1,086,661	1,110,702	1,119,006

Table 34 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months							
Parent municipality								
ABSA-Provisions & Reserves 40-6424-3731		Call	N/a	536	19	-	-	555
RMB - IDS3523006-Airport Development Fund	-	Call	N/a	2,225	77	-	-	2,302
RMB - IDS3523008-Metro Transport Fund	-	Call	N/a	1,289	45	-	-	1,333
RMB - IDS3523012-Municipal Infrastructure Grant	-	Call	N/a	61,906	2,147	(12,546)	-	51,507
RMB - IDS3523014-Unspent Conditional Grant	-	Call	N/a	263,409	9,134	(137,981)	-	134,563
RMB - IDS3523016-General Investments	-	Call	N/a	296,334	10,276	-	-	306,610
RMB - IDS3523018-Sale of Assets	-	Call	N/a	4,028	140	-	-	4,168
RMB - IDS3523020-Insurance Fund	-	Call	N/a	13,048	452	-	-	13,500
RMB - IDS3523023-Land Sales	-	Call	N/a	11,216	389	-	-	11,605
RMB - IDS3523025-Municipal Housing Account	-	Call	N/a	23,244	806	-	-	24,050
RMB - IDS3523027-Housing Accreditation	-	Call	N/a	25,969	901	-	-	26,869
FNB - 74445467000-Investment	-	Fixed	11 Sept 2014	150,000	5,202	-	-	155,202
Investec - 1100-502076-450-Investment	91 Day Notice	Fixed	10 Nov 2014	120,000	4,161	-	-	124,161
ABSA - 20-6700-9186-WCA	6 Month	Fixed	29 June 2015	6,902	239	-	-	7,141
New Account - CRR Reserve	WCA					-	120,000	120,000
								-
Municipality sub-total				980,105	33,988	(150,527)	120,000	983,567
Entities								
First National Bank Money Market	0	Money Market	n/a	610	57	-	-	667
								-
Entities sub-total				610	57	-	-	667
TOTAL INVESTMENTS AND INTEREST				980,715	34,045	(150,527)	120,000	984,233

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R3.4 million, R5.5 million and R8.7 million in each of the financial years.

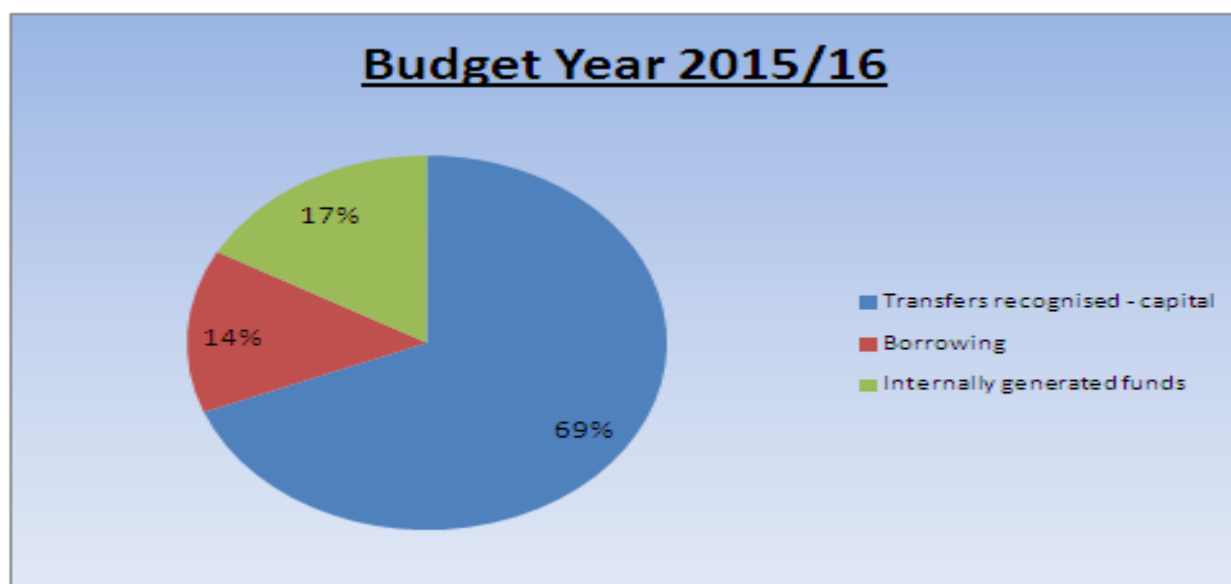
2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 35 Sources of capital revenue over the MTREF

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funded by:										
National Government	124,014	148,694	198,670	283,897	302,047	302,047	302,047	489,060	466,372	480,820
Provincial Government	25,056	22,154	47,513	9,927	12,427	12,427	12,427			
District Municipality	-	-	-	-						
Other transfers and grants	-	-	-	-						
Transfers recognised - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Public contributions & donations	-	-	-	-						
Borrowing	-	-	-	100,000	100,000	100,000	100,000	100,000	50,000	
Internally generated funds	209,741	231,027	117,722	203,930	290,502	290,502	290,502	120,000	120,000	120,000
Total Capital Funding	358,811	401,875	363,906	597,754	704,976	704,976	704,976	709,060	636,372	600,820

The above table is graphically represented as follows for the 2015/16 financial year.

**Figure 8 Sources of capital revenue for the 2015/16 financial year**

Capital grants and receipts equates to 69 per cent of the total funding source which represents R489.0 million for the 2015/16 financial year and shows a slight decrease to R480.8 million by 2017/18. Growth relating to grant receipts is 55.5, down by (4.6) and up to 2.9 per cent over the medium-term.

Borrowing still remains a funding source for the capital programme over the medium-term with an estimated R100 million and R 50 million to be raised for the next two years respectively

totalling 14.1, and 7.85 per cent of the total funding of the capital budget for the two respective financial years of the MTREF.

The following table is a detailed analysis of the City's borrowing liability.

Table 36 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality									
Long-Term Loans (annuity/reducing balance)		541,325	497,398	100,000	100,000	100,000	579,761	548,013	467,808
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	-	541,325	497,398	100,000	100,000	100,000	579,761	548,013	467,808
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	-	541,325	497,398	100,000	100,000	100,000	579,761	548,013	467,808

The following graph illustrates the growth in outstanding borrowing for the 2012/13 to 2017/18 period.

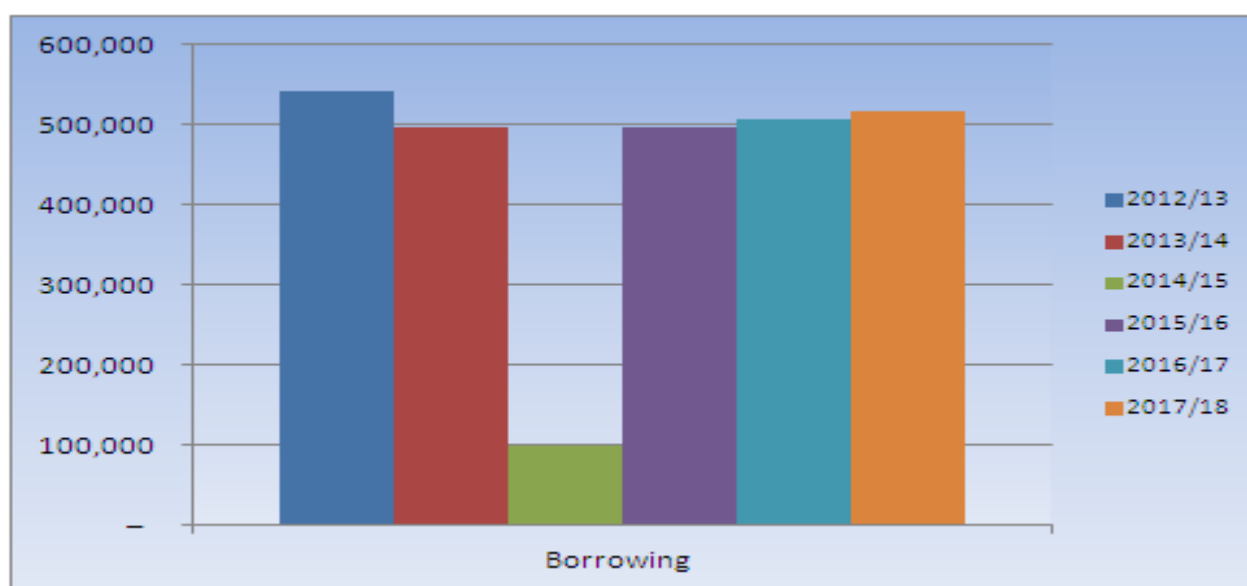


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves.

Table 37 MBRR Table SA 18 - Capital transfers and grant receipts

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
National Government:	124,014	148,694	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Municipal Infrastructure Grant (MIG)	116,077	135,302	155,719	159,158	159,158	159,158	187,456	195,546	207,671
Public Transport and Systems	5,404	4,567	17,695	100,000	100,000	100,000	213,271	203,605	199,958
Neighbourhood Development Partnership	–	501	707	10,350	29,500	29,500	20,000	30,000	30,000
Dept of Mineral/Electricity	–	840	1,160	–	–	–	–	–	–
Integrated National Electrification Programme	2,534	7,484	23,389	3,000	2,000	2,000	10,000	10,500	15,000
Municipal Water Infrastructure Grant	–	–	–	11,389	11,389	11,389	58,333	26,721	28,191
Provincial Government:	25,056	22,019	47,378	9,927	12,427	12,427	–	–	–
Airport Development Project	11,836	9,384	14,198	–	–	–	–	–	–
Sport and Recreation	–	2,100	–	150	150	150	–	–	–
Corridor Development	13,220	10,535	19,160	–	–	–	–	–	–
KZNPA	–	–	12,946	–	–	–	–	–	–
Treasury	–	–	–	5,500	–	–	–	–	–
COGTA	–	–	–	4,277	12,277	12,277	–	–	–
Municipal Water Infrastructure	–	–	1,074	–	–	–	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
Other grant providers:	–	135	135	–	–	–	–	–	–
Carnegie	–	135	135	–	–	–	–	–	–
Total Capital Transfers and Grants	149,070	170,848	246,183	293,824	314,474	314,474	489,060	466,372	480,820
TOTAL RECEIPTS OF TRANSFERS & GRANTS	484,585	555,507	679,505	685,970	698,898	698,898	929,712	930,171	983,805

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 38 MBRR Table A7 - Budget cash flow statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges	536,555	625,459	625,627	677,335	677,335	677,335	677,335	701,467	740,451	777,612
Service charges	1,678,603	1,982,479	2,073,501	2,167,101	2,167,101	2,167,101	2,167,101	2,349,116	2,539,498	2,801,937
Other revenue	20,556	(140,806)	127,907	171,131	249,675	249,675	249,675	84,318	84,001	88,537
Government - operating	351,599	395,622	448,122	415,372	330,731	330,731	330,731	440,652	463,799	502,985
Government - capital	149,070	170,848	246,183	293,824	314,474	314,474	314,474	489,060	466,372	480,820
Interest	84,160	116,335	96,358	32,247	24,508	24,508	24,508	64,837	68,543	72,244
Payments										
Suppliers and employees	(2,269,366)	(2,579,604)	(3,015,146)	(3,113,993)	(2,994,206)	(2,994,206)	(2,994,206)	(3,347,843)	(3,704,405)	(4,059,597)
Finance charges	(72,134)	(70,966)	(67,174)	(60,738)	(60,738)	(60,738)	(60,738)	(69,489)	(68,312)	(61,719)
Transfers and Grants	-	-	-	(5,408)	(5,408)	(5,408)	(5,408)	(5,854)	(6,599)	(6,999)
NET CASH FROM/(USED) OPERATING ACTIVITIES	479,044	499,367	535,378	576,871	703,471	703,471	703,471	706,264	583,348	595,819
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	(3,850)	16,609	7,374	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	147,809	10,216	(18,993)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
Payments										
Capital assets	(358,811)	(401,875)	(372,511)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(214,852)	(375,050)	(384,130)	(364,442)	(636,543)	(636,543)	(636,543)	(589,505)	(555,584)	(537,677)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	112,361	-	-	100,000	100,000	100,000	100,000	100,000	50,000	-
Increase (decrease) in consumer deposits	1,014	7,942	5,520	-	-	-	-	5,250	6,150	5,250
Payments										
Repayment of borrowing	(49,779)	(35,806)	(47,563)	(42,691)	(42,691)	(42,691)	(42,691)	(49,850)	(53,628)	(53,757)
NET CASH FROM/(USED) FINANCING ACTIVITIES	63,596	(27,864)	(42,043)	57,309	57,309	57,309	57,309	55,400	2,522	(48,507)
NET INCREASE/ (DECREASE) IN CASH HELD	327,788	96,452	109,206	269,738	124,237	124,237	124,237	172,159	30,286	9,635
Cash/cash equivalents at the year begin:	293,827	621,615	718,068	827,274	827,274	827,274	827,274	951,511	1,123,670	1,153,956
Cash/cash equivalents at the year end:	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591

The above table shows that cash and cash equivalents of the City has stabilised and grown between the 2011/12 and 2014/15 financial year moving from a positive cash balance of R621.6 million to R1.16 billion with the approved 2015/16 MTREF. It is projected that cash and cash equivalents on hand will increase to R951.5 million by the financial year end. For the 2015/16 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R1.12 billion by 2015/16 and steadily increasing to R1.16 billion by 2017/18.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available										
Cash/cash equivalents at the year end	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591
Other current investments > 90 days	5,256	5,902	6,901	(220,683)	78,594	78,594	78,594	(154,452)	(183,227)	(182,733)
Non current assets - Investments	-	-	-	46	46	46	46	-	-	-
Cash and investments available:	626,871	723,969	834,175	876,375	1,030,151	1,030,151	1,030,151	969,218	970,728	980,858
Application of cash and investments										
Unspent conditional transfers	149,448	170,460	291,314	83,930	135,502	135,502	135,502	316,231	322,556	329,007
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	100,000	60,000	60,000	60,000	-	-	-
Other working capital requirements	(91,176)	(303,380)	(567,297)	(115,372)	151,383	151,383	151,383	(791,879)	(851,714)	(1,246,881)
Other provisions	-	-	-	(37,305)	(37,305)	(37,305)	(37,305)	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	58,272	(132,920)	(275,983)	31,253	309,580	309,580	309,580	(475,648)	(529,158)	(917,874)
Surplus(shortfall)	568,600	856,889	1,110,158	845,121	720,572	720,572	720,572	1,444,866	1,499,887	1,898,732

From the above table it can be seen that the cash and investments available total R1.03 billion in the 2014/15 financial year and decreases to R980.8 million by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2014/15 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2015/16 financial year no provision has been made for this liability as the total unspent conditional grant liability of R316.2 million has been factored into the 2015/16 capital programme of the City. The City has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of the cash-backing progressively improved over the period 2014/15 to 2015/16 escalating from R720.5 million to R1.44 billion in 2015/16.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 40 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	621,615	718,068	827,274	1,097,012	951,511	951,511	951,511	1,123,670	1,153,956	1,163,591
Cash + investments at the yr end less applications - R'000	18(1)b	568,600	856,889	1,110,158	845,121	720,572	720,572	720,572	1,444,866	1,499,887	1,898,732
Cash year end/monthly employee/supplier payments	18(1)b	3.4	3.3	3.7	4.6	3.9	3.9	3.9	4.3	4.1	3.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	139,488	101,855	119,265	364,144	317,975	317,975	317,975	492,530	471,872	489,509
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	11.7%	(2.3%)	2.6%	(6.0%)	(6.0%)	(6.0%)	8.3%	3.3%	3.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	95.0%	88.7%	94.5%	96.6%	99.1%	99.1%	99.1%	88.2%	86.9%	87.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	2.6%	8.4%	4.2%	4.9%	4.9%	4.9%	4.9%	3.7%	3.7%	3.6%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	102.4%	61.0%	90.3%	90.3%	90.3%	83.1%	87.3%	89.5%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	53.6%	0.0%	0.0%	32.9%	25.6%	25.6%	25.6%	45.5%	29.4%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								101.0%	103.2%	102.7%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	56.3%	22.3%	(9.7%)	0.0%	0.0%	0.0%	30.3%	7.6%	7.7%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	9.3%	(8.5%)	0.0%	0.0%	0.0%	7.8%	2.0%	2.0%
R&M % of Property Plant & Equipment	20(1)(vi)	0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	3.0%	3.1%	4.1%	5.0%
Asset renewal % of capital budget	20(1)(vi)	70.0%	72.6%	52.1%	48.4%	44.9%	44.9%	0.0%	89.8%	84.4%	85.7%

2.6.5.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R1.12 billion, R1.15 billion and R1.16 billion for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 48. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been stable for the period 2011/12 to 2014/15, moving from 3.4 to 3.9 with the adopted 2014/15 MTREF. As part of the 2015/16 MTREF the municipalities improving cash position causes the ratio to move upwards to 4.3 and then reduces slightly to 3.8 for the outer years.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a surplus of R492.5 million, R471.8 million and R489.5 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 8.3, 3.3 and 3.0 per cent for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6.0 per cent, with the increase in electricity at 12.2 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower in the outer years of the MTREF that it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 88.2, 86.9 and 87.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.7, 3.7 and 3.6 per cent over the MTREF. Considering the municipality's

revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 45.5, 29.4 and zero per cent of own funded capital. Further details relating to the borrowing strategy of the City can be found on page 68.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors accounts within 30 days. Although there is a spike in the 2015/2016 financial year, this levels out in the following years.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 103.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 90.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
Local Government Equitable Share	304,835	338,903	354,313	373,541	373,541	373,541	395,786	421,033	458,801
Finance Management	1,945	1,997	1,550	1,600	1,600	1,600	1,600	1,625	1,700
Municipal Systems Improvement	794	555	245	934	934	934	930	957	1,033
EPWP Incentive		1,362	1,874	2,782	2,782	2,782	4,032	-	-
Energy Efficiency and Demand Management	2,534		-	-	-	-	-		
Water Services Operating Subsidy		-	5,391	4,000	4,000	4,000			
Operating costs-MIG	7,928	3,909	10,350	1,567	1,567	1,567	5,000	5,000	5,000
Neighbourhood Development Partnership Technical ass	4,562	4,403	3,512				600	600	600
Provincial Government:	28,931	44,493	58,689	23,226	23,080	23,080	32,704	34,384	35,851
Provincial Government:	1,207	31,078	35,774	-	-	-			
Expanded Public Works Grant	1,973	1,362	1,874						
Health	9,667	1,090	6,242						
Arts and Culture- Community Library Services							552	581	612
Arts and Culture- Provincialisation	16,084	10,963	14,800	23,226	23,080	23,080	23,057	24,278	25,493
Arts and Culture-Museum Subsidies							380	400	421
Human Settlement	70	-	12,198	7,722	-	-	8,715	9,325	9,325
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	351,529	395,622	435,924	407,650	407,504	407,504	440,652	463,799	502,985
Capital expenditure of Transfers and Grants									
National Government:	124,014	153,194	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Municipal Infrastructure Grant (MIG)	116,077	135,302	155,719	159,158	159,158	159,158	187,456	195,346	207,671
Public Transport and Systems	5,404	4,567	17,695	100,000	100,000	100,000	213,271	203,605	199,958
Neighbourhood Development Partnership	-	501	707	10,350	29,500	29,500	20,000	30,000	30,000
Rural Households Infrastructure		4,500							
Dept of Mineral/Electricity	-	840	1,160						
Integrated National Electrification Programme	2,534	7,484	23,389	3,000	2,000	2,000	10,000	10,500	15,000
Municipal Water Infrastructure Grant				11,389	11,389	11,389	58,333	26,721	28,191
Provincial Government:	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Airport Development Project	11,836	9,384	14,198				-		
Sport and Recreation		2,100		150	150	150			
Corridor Development	13,220	10,535	19,160				-	-	
KZNPA			12,946						
Treasury				5,500	-	-			
COGTA				4,277	12,277	12,277			
Municipal Water Infrastructure			1,074						
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	135	135	-	-	-	-	-	-
Carnegie		135	135						
Cemetery Trust									
Total capital expenditure of Transfers and Grants	149,070	175,348	246,183	293,824	314,474	314,474	489,060	466,372	480,820
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	500,599	570,970	682,107	701,474	721,978	721,978	929,712	930,171	983,805

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:									
Operating Transfers and Grants									
Current year receipts	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
Conditions met - transferred to revenue	322,598	351,129	377,234	384,424	384,424	384,424	407,948	429,215	467,134
Provincial Government:									
Current year receipts	29,001	44,493	70,887	30,948	23,080	23,080	32,704	34,584	35,851
Conditions met - transferred to revenue	29,001	44,493	70,887	30,948	23,080	23,080	32,704	34,584	35,851
Total operating transfers and grants revenue	351,599	395,622	448,122	415,372	407,504	407,504	440,652	463,799	502,985
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
Operating Transfers and Grants									
Current year receipts	124,014	148,694	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Conditions met - transferred to revenue	124,014	148,694	198,670	283,897	302,047	302,047	489,060	466,372	480,820
Provincial Government:									
Current year receipts	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Conditions met - transferred to revenue	25,056	22,019	47,378	9,927	12,427	12,427	-	-	-
Current year receipts		135	135						
Conditions met - transferred to revenue	-	135	135	-	-	-	-	-	-
Total capital transfers and grants revenue	149,070	170,848	246,183	293,824	314,474	314,474	489,060	466,372	480,820
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	500,669	566,470	694,305	709,196	721,978	721,978	929,712	930,171	983,805
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 43 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	12,207	24,677	26,433	26,063	26,063	26,063	29,522	31,904	33,568
Pension and UIF Contributions	1,645	2,597	2,782	3,246	3,246	3,246	3,496	3,770	3,987
Medical Aid Contributions	333	325	349	1,187	1,187	1,187	1,296	1,386	1,470
Motor Vehicle Allowance	3,055	5,338	5,718	6,956	6,956	6,956	6,333	6,777	7,187
Cellphone Allowance	788	947	1,015	1,697	1,697	1,697	1,565	1,675	1,776
Housing Allowances	124	115	123	123	123	123	137	147	155
Sub Total - Councillors	18,152	34,000	36,419	39,272	39,272	39,272	42,350	45,659	48,124
% increase		87.3%	7.1%	7.8%	-	-	7.8%	7.8%	5.4%
Senior Managers of the Municipality									
Basic Salaries and Wages	1,594	4,310	4,435	7,293	7,293	7,293	6,744	7,216	7,577
Pension and UIF Contributions	65	368	587	626	626	626	870	931	978
Medical Aid Contributions				22	22	22	20	22	23
Performance Bonus	90		230	128	128	128	360	385	404
Motor Vehicle Allowance	425	518	544	617	617	617	756	809	849
Cellphone Allowance	61	72		81	81	81	90	96	10
Housing Allowances			37	68	68	68	64	68	71
Other benefits and allowances	1,087	123	106						
Sub Total - Senior Managers of Municipality	3,321	5,392	5,939	8,835	8,835	8,835	8,904	9,528	9,913
% increase		62.3%	10.2%	48.8%	-	-	0.8%	7.0%	4.0%
Other Municipal Staff									
Basic Salaries and Wages	418,916	519,526	538,548	602,808	602,808	602,808	741,800	782,599	824,077
Pension and UIF Contributions	28,998	32,720	33,157	-	-	-	16,945	17,877	18,825
Medical Aid Contributions	85,741	91,114	143,724	155,222	155,222	155,222	110,158	116,217	122,377
Overtime	25,061	19,375	20,925	30,222	30,222	30,222	32,271	34,046	35,850
Motor Vehicle Allowance	10,859	14,009	11,289	37,095	37,095	37,095	52,435	55,319	58,251
Cellphone Allowance	800								
Housing Allowances	4,189	3,972	3,676	3,286	3,286	3,286	9,351	9,865	10,388
Other benefits and allowances	27,398	14,747	8,785	8,574	8,574	8,574			
Long service awards	14,936	16,770	18,360	18,680	18,680	18,680	3,461	3,651	3,845
Sub Total - Other Municipal Staff	616,899	712,234	778,465	855,887	855,887	855,887	966,420	1,019,573	1,073,611
% increase		15.5%	9.3%	9.9%	-	-	12.9%	5.5%	5.3%
Total Parent Municipality	638,372	751,626	820,823	903,994	903,994	903,994	1,017,674	1,074,760	1,131,647
		17.7%	9.2%	10.1%	-	-	12.6%	5.6%	5.3%
Senior Managers of Entities									
Basic Salaries and Wages	238	257	285	308	308	308	333	359	388
Medical Aid Contributions	4	9	10	13	13	13	14	15	16
Performance Bonus	-	5	6	6	6	6	6	6	7
Motor Vehicle Allowance	18	18	18	18	18	18	18	19	20
Cellphone Allowance	4	4	4	4	4	4	4	4	4
Sub Total - Senior Managers of Entities	264	292	323	348	348	348	374	403	435
% increase		10.7%	10.5%	7.8%	-	-	7.4%	7.9%	7.9%
Other Staff of Entities									
Basic Salaries and Wages	1,302	1,535	1,915	1,926	1,926	1,926	2,080	2,246	2,426
Pension and UIF Contributions	97	117	140	158	158	158	171	184	199
Medical Aid Contributions	143	288	359	426	426	426	469	516	567
Overtime	301	345	375	286	286	286	373	403	436
Performance Bonus	8	35	30	22	22	22	24	25	26
Motor Vehicle Allowance	41	41	54	54	54	54	54	57	60
Cellphone Allowance	8	8	11	11	11	11	11	11	12
Other benefits and allowances	172	180	215	227	227	227	245	265	286
Sub Total - Other Staff of Entities	2,071	2,548	3,099	3,110	3,110	3,110	3,427	3,708	4,012
% increase		23.0%	21.6%	0.4%	-	-	10.2%	8.2%	8.2%
Total Municipal Entities	2,335	2,840	3,422	3,459	3,459	3,459	3,801	4,111	4,447
TOTAL SALARY, ALLOWANCES & BENEFITS	640,708	754,466	824,244	907,453	907,453	907,453	1,021,475	1,078,871	1,136,094
% increase		17.8%	9.2%	10.1%	-	-	12.6%	5.6%	5.3%
TOTAL MANAGERS AND STAFF	622,556	720,466	787,823	868,181	868,181	868,181	979,125	1,033,212	1,087,971

Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	57,648	5,162	15,448			78,258
Chief Whip	53,688	9,400	8,749			71,837
Executive Mayor	78,936	15,304	3,485			97,725
Deputy Executive Mayor	54,615	8,192	15,448			78,255
Executive Committee	485,211	56,084	103,328			644,624
Total for all other councillors	1,296,180	256,868	516,124			2,069,172
Total Councillors	2,026,279	351,011	662,582			3,039,872
Senior Managers of the Municipality						
Municipal Manager (MM)	93,828	9,383	19,842	15,000		138,052
Chief Finance Officer	74,944	7,307	13,412	5,000		100,663
DMM- Infrastructure Services	74,944	7,307	13,412	5,000		100,663
DMM- Community Services	71,415	9,748	14,500	5,000		100,663
DMM- Corporate Services	82,854	16,609	1,200			100,663
DMM- Development Services	79,500	7,751	13,412			100,663
List of each official with packages >= senior manager						
Head IRPTN	84,544		16,119			100,663
Total Senior Managers of the Municipality	562,029	58,105	91,897	30,000		742,031
A Heading for Each Entity						
List each member of board by designation						
Total for municipal entities	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	2,588,307	409,116	754,480	30,000		3,781,903

Table 45 MBRR SA24 – Summary of personnel numbers

<u>Summary of Personnel Numbers</u>									
Number	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	73	73		73	73				
Municipal Manager and Senior Managers	5	5		5	4	1	5	–	5
Other Managers	80	80		87	87		73	73	
Professionals	2,777	2,777	–	4,056	2,480	1,576	96	59	37
Finance	152	152		215	215		16	11	5
Spatial/town planning	14	14		16	16		17	11	6
Information Technology	9	9		15	15		–		–
Roads	126	126		108	108		6	3	3
Electricity	234	234		224	224		4	2	2
Water	23	23		137	137		–		–
Sanitation	75	75		143	143		–		–
Refuse	376	376		346	346		–		–
Other	1,768	1,768		2,852	1,276	1,576	53	32	21
Technicians	–	–	–	–	–	–	351	172	179
Finance							18	9	9
Spatial/town planning							18	9	9
Information Technology							12	6	6
Roads							6	3	3
Electricity							50	26	24
Water							–		–
Sanitation							4	2	2
Refuse							2	1	1
Other							241	116	125
Clerks (Clerical and administrative)							1,046	506	540
Service and sales workers							910	456	454
Skilled agricultural and fishery workers							500	251	249
Craft and related trades							194	97	97
Plant and Machine Operators							2,064	1,011	1,053
Elementary Occupations									
TOTAL PERSONNEL NUMBERS	2,935	2,935	–	4,221	2,644	1,577	5,238	2,625	2,613
% increase				43.8%	(9.9%)	–	24.1%	(0.7%)	65.7%

2.9 Monthly targets for revenue, expenditure and cash flow

Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand															
Revenue By Source															
Property rates	57,922	57,922	57,922	57,922	57,922	57,922	57,922	57,922	57,922	57,922	57,922	105,971	743,113	784,468	823,692
Property rates - penalties & collection charges	2,840	2,840	2,840	5,509	5,509	5,509	3,040	3,040	1,502	1,502	1,502	5,716	41,349	43,582	45,935
Service charges - electricity revenue	185,712	175,712	135,712	135,712	135,712	135,712	125,712	125,712	125,712	140,712	145,712	295,939	1,863,770	2,085,156	2,332,669
Service charges - water revenue	34,155	34,155	34,155	34,155	34,155	34,155	34,155	34,155	34,155	34,155	34,155	101,130	476,831	512,916	539,312
Service charges - sanitation revenue	11,162	11,162	11,162	11,162	11,162	11,162	11,162	11,162	11,162	11,162	11,162	12,141	134,917	141,417	149,054
Service charges - refuse revenue	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	6,828	15,732	90,841	95,132	100,269
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	2,509	2,760	2,760	2,760	2,760	2,760	2,829	2,909	2,909	3,209	3,209	9,953	41,329	43,292	44,468
Interest earned - external investments	2,005	2,103	2,105	2,205	2,205	2,205	2,505	2,505	2,505	2,505	2,505	8,635	33,988	35,824	37,758
Interest earned - outstanding debtors	89	92	106	106	106	110	110	110	110	111	114	61,430	62,593	66,366	69,950
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	596	575	568	568	568	568	558	558	558	558	558	11,255	17,488	16,356	17,239
Licences and permits	5	6	6	6	6	4	3	3	3	4	4	42	87	92	97
Agency services	53	53	53	53	53	53	53	53	53	53	53	53	632	668	704
Transfers recognised - operational	33,523	33,523	33,523	33,523	33,523	33,523	33,523	33,523	33,523	33,523	33,523	71,895	440,652	463,799	502,985
Other revenue	7,070	7,070	7,070	7,070	7,070	7,070	7,070	7,070	7,070	7,070	7,070	1,926	79,695	81,735	86,149
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	9,700	9,700	-	-
Total Revenue (excluding capital transfers and contributions)	344,468	334,800	294,809	297,578	297,578	297,579	285,469	285,548	284,010	299,313	304,315	711,519	4,036,987	4,370,803	4,750,280
Expenditure By Type															
Employee related costs	57,000	57,000	57,000	98,000	57,000	67,000	85,000	88,000	88,000	88,000	88,000	126,536	956,536	1,009,506	1,073,538
Remuneration of councillors	3,258	3,258	3,258	6,515	3,258	3,258	3,258	3,258	3,258	3,258	3,258	3,258	42,350	45,659	48,124
Debt impairment	15,088	20,588	20,588	9,088	30,588	9,088	9,088	9,088	8,088	8,088	8,588	(23,386)	124,586	134,979	143,888
Depreciation & asset impairment	21,622	21,622	21,622	21,622	21,622	21,622	21,622	21,622	21,622	21,622	21,622	247,899	485,746	537,857	595,059
Finance charges	-	-	13,696	-	-	13,696	-	-	13,696	-	-	28,403	69,489	68,312	61,719
Bulk purchases	180,445	170,445	131,445	135,445	135,445	135,445	131,445	105,445	105,445	135,445	125,445	244,920	1,736,811	1,907,233	2,093,955
Other materials	-	-	-	-	-	-	-	-	-	-	-	29,773	29,773	33,492	35,347
Contracted services	1,546	1,546	1,546	1,546	1,546	1,546	1,546	1,546	1,546	1,546	1,546	1,546	18,556	19,483	20,535
Transfers and grants	370	370	370	541	541	541	541	514	487	379	379	1,200	5,854	6,599	6,999
Other expenditure	63,198	58,198	45,198	28,198	51,198	58,198	32,198	58,198	58,198	58,198	58,198	(5,361)	563,817	602,182	662,426
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	342,528	333,028	294,723	300,956	301,198	310,394	284,698	287,671	300,340	316,536	306,657	654,788	4,033,517	4,365,303	4,741,591
Surplus/(Deficit)	1,941	1,773	85	(3,378)	(3,621)	(12,814)	770	(2,123)	(16,329)	(17,223)	(2,342)	56,732	3,470	5,500	8,689
Transfers recognised - capital	-	55,360	-	52,000	59,800	63,726	-	56,755	42,904	62,346	50,392	45,777	489,060	466,372	480,820
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,941	57,133	85	48,622	56,179	50,911	770	54,632	26,575	45,123	48,050	102,509	492,530	471,872	489,509

Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote															
Vote 1 - Corporate Services	420	420	420	420	420	420	420	420	420	420	420	81,936	86,561	76,923	83,271
Vote 2 - Financial Management Area	122,895	122,895	122,895	122,895	122,895	122,895	122,895	122,895	122,895	122,895	122,895	114,541	1,466,381	1,505,003	1,600,442
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	225,799	225,799	225,799	225,799	225,799	225,799	225,799	225,799	225,799	225,799	225,799	283,178	2,766,962	3,044,867	3,330,505
Vote 4 - Sustainable Community Service Delivery Provision Management	17,179	17,179	17,179	17,179	17,179	17,179	17,179	17,179	17,179	17,179	17,179	17,179	206,143	210,382	216,882
Total Revenue by Vote	366,292	366,292	366,292	366,292	366,292	366,292	366,292	366,292	366,292	366,292	366,292	496,834	4,526,047	4,837,175	5,231,100
Expenditure by Vote to be appropriated															
Vote 1 - Corporate Services	55,463	55,463	55,463	55,463	55,463	55,463	55,463	55,463	55,463	55,463	55,463	55,462	665,552	703,682	744,331
Vote 2 - Financial Management Area	43,242	43,242	43,242	43,242	43,242	43,242	43,242	43,242	43,242	43,242	43,242	117,009	592,671	640,829	707,969
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	203,341	203,341	203,341	203,341	203,341	203,341	203,341	203,341	203,341	203,341	203,341	203,342	2,440,097	2,595,792	2,762,843
Vote 4 - Sustainable Community Service Delivery Provision Management	27,933	27,933	27,933	27,933	27,933	27,933	27,933	27,933	27,933	27,933	27,933	27,933	335,197	425,001	526,449
Total Expenditure by Vote	329,979	329,979	329,979	329,979	329,979	329,979	329,979	329,979	329,979	329,979	329,979	403,746	4,033,517	4,365,303	4,741,591
Surplus/(Deficit)	36,313	36,313	36,313	36,313	36,313	36,313	36,313	36,313	36,313	36,313	36,313	93,088	492,530	471,872	489,509

Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Budget Year 2015/16												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard															
Governance and administration	120,844	120,844	120,844	120,844	120,844	120,844	120,844	120,844	120,844	120,844	120,844	(88,770)	1,240,510	1,302,013	1,383,957
Executive and council													1,600	1,600	1,700
Budget and treasury office	120,075	120,075	120,075	120,075	120,075	120,075	120,075	120,075	120,075	120,075	120,075	(91,944)	1,228,885	1,290,107	1,371,691
Corporate services	768	768	768	768	768	768	768	768	768	768	768	1,574	10,024	10,281	10,566
Community and public safety	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	53,339	68,651	69,120	71,058
Community and social services	530	530	530	530	530	530	530	530	530	530	530	25,594	31,421	28,799	30,225
Sport and recreation	70	70	70	70	70	70	70	70	70	70	70	70	838	885	933
Public safety	257	257	257	257	257	257	257	257	257	257	257	18,425	21,248	20,322	21,419
Housing	533	533	533	533	533	533	533	533	533	533	533	9,254	15,112	19,080	18,445
Health	3	3	3	3	3	3	3	3	3	3	3	(3)	32	34	36
Economic and environmental services	16,364	16,364	16,364	16,364	16,364	16,364	16,364	16,364	16,364	16,364	16,364	292,321	472,320	480,289	491,528
Planning and development	603	603	603	603	603	603	603	603	603	603	603	63,507	70,135	79,601	82,279
Road transport	15,761	15,761	15,761	15,761	15,761	15,761	15,761	15,761	15,761	15,761	15,761	228,813	402,185	400,688	409,249
Environmental protection												-	-	-	-
Trading services	309,952	288,778	174,778	174,778	174,778	184,778	184,778	184,778	208,096	236,079	219,657	375,330	2,716,559	2,958,200	3,255,515
Electricity	241,767	220,593	106,593	106,593	106,593	116,593	116,593	116,593	139,911	167,894	151,472	315,517	1,906,710	2,127,603	2,381,340
Water	46,383	46,383	46,383	46,383	46,383	46,383	46,383	46,383	46,383	46,383	46,383	60,467	570,675	582,634	612,822
Waste water management	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557	(5,639)	143,483	148,698	156,728
Waste management	8,246	8,246	8,246	8,246	8,246	8,246	8,246	8,246	8,246	8,246	8,246	4,986	95,690	99,264	104,625
Other	2,163	2,163	2,163	2,163	2,163	2,163	2,163	2,163	2,163	2,163	2,163	4,213	28,007	27,554	29,042
Total Revenue - Standard	450,714	429,540	315,540	315,540	315,540	325,540	325,540	325,540	348,859	376,841	360,420	636,433	4,526,047	4,837,175	5,231,100
Expenditure - Standard															
Governance and administration	112,041	112,041	112,041	112,041	112,041	112,041	112,041	112,041	112,041	112,041	112,041	(733,148)	499,300	552,588	616,585
Executive and council	28,826	28,826	28,826	28,826	28,826	28,826	28,826	28,826	28,826	28,826	28,826	(209,475)	107,609	116,432	123,036
Budget and treasury office	73,578	73,578	73,578	73,578	73,578	73,578	73,578	73,578	73,578	73,578	73,578	(637,389)	171,968	204,190	239,724
Corporate services	9,637	9,637	9,637	9,637	9,637	9,637	9,637	9,637	9,637	9,637	9,637	113,717	219,723	231,967	253,824
Community and public safety	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	298,331	494,075	516,112	546,291
Community and social services	8,361	8,361	8,361	8,361	8,361	8,361	8,361	8,361	8,361	8,361	8,361	35,574	127,547	130,644	138,442
Sport and recreation	545	545	545	545	545	545	545	545	545	545	545	101,350	107,339	113,185	120,622
Public safety	2,904	2,904	2,904	2,904	2,904	2,904	2,904	2,904	2,904	2,904	2,904	171,442	203,382	213,194	224,874
Housing	44	44	44	44	44	44	44	44	44	44	44	35,908	36,390	38,740	40,818
Health	5,942	5,942	5,942	5,942	5,942	5,942	5,942	5,942	5,942	5,942	5,942	(45,942)	19,417	20,349	21,534
Economic and environmental services	37,892	37,892	37,892	37,892	37,892	37,892	37,892	37,892	37,892	37,892	37,892	147,335	564,150	603,466	644,862
Planning and development	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	7,877	23,995	110,638	117,043	124,388
Road transport	30,016	30,016	30,016	30,016	30,016	30,016	30,016	30,016	30,016	30,016	30,016	123,340	453,512	486,423	520,474
Environmental protection												-	-	-	-
Trading services	155,716	151,716	145,716	145,716	145,716	151,716	155,716	151,716	151,716	151,716	151,716	775,368	2,434,243	2,648,597	2,885,950
Electricity	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	105,375	400,501	1,559,620	1,699,914	1,859,173
Water	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	29,713	260,481	587,319	637,281	693,714
Waste water management	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	7,641	97,885	181,939	196,148	211,431
Waste management	12,988	8,988	2,988	2,988	2,988	8,988	12,988	8,988	8,988	8,988	8,988	16,501	105,365	115,255	121,631
Other	317	317	317	317	317	317	317	317	317	317	317	38,258	41,749	44,541	47,904
Total Expenditure - Standard	323,761	319,761	313,761	313,761	313,761	319,761	323,761	319,761	319,761	319,761	319,761	526,144	4,033,517	4,365,303	4,741,591
Surplus/(Deficit)	126,953	109,779	1,779	1,779	1,779	5,779	1,779	5,779	29,097	57,080	40,658	110,289	492,530	471,872	489,509

Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<i>Multi-year expenditure to be appropriated</i>															
Vote 1 - Corporate Services	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	2,367	28,400	30,000	36,007
Vote 2 - Financial Management Area	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000	30,000	5,000
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	49,109	49,109	49,109	49,109	49,109	49,109	49,109	49,109	49,109	49,109	49,109	49,109	589,310	507,172	500,820
Vote 4 - Sustainable Community Service Delivery Provision Management	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	32,200	26,500	13,000
Capital multi-year expenditure sub-total	56,242	56,242	56,242	56,242	56,242	56,242	56,242	56,242	56,242	56,242	56,242	56,243	674,910	593,672	554,827
<i>Single-year expenditure to be appropriated</i>															
Vote 1 - Corporate Services	405	405	405	405	405	405	405	405	405	405	405	405	4,865	3,750	7,000
Vote 2 - Financial Management Area	59	59	59	59	59	59	59	59	59	59	59	59	710	-	-
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	12,505	16,613	35,650
Vote 4 - Sustainable Community Service Delivery Provision Management	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	16,071	22,337	3,343
Capital single-year expenditure sub-total	2,846	2,846	2,846	2,846	2,846	2,846	2,846	2,846	2,846	2,846	2,846	2,845	34,150	42,700	45,993
Total Capital Expenditure	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,087	709,060	636,372	600,820

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard															
<i>Governance and administration</i>	4,949	4,949	4,949	4,949	4,949	4,949	4,949	4,949	4,949	4,949	4,949	4,948	59,385	60,000	41,007
Executive and council	483	483	483	483	483	483	483	483	483	483	483	483	5,800	-	6,007
Budget and treasury office	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	4,465	53,585	60,000	35,000
Corporate services												-	-	-	-
<i>Community and public safety</i>	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	54,598	48,307	15,613
Community and social services	208	208	208	208	208	208	208	208	208	208	208	208	2,500	3,500	-
Sport and recreation	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	2,867	34,400	39,300	12,000
Public safety	696	696	696	696	696	696	696	696	696	696	696	696	8,353	3,950	1,930
Housing	644	644	644	644	644	644	644	644	644	644	644	644	7,725	200	-
Health	135	135	135	135	135	135	135	135	135	135	135	135	1,620	1,357	1,683
<i>Economic and environmental services</i>	28,304	28,304	28,304	28,304	28,304	28,304	28,304	28,304	28,304	28,304	28,304	28,304	339,647	340,368	365,858
Planning and development	799	799	799	799	799	799	799	799	799	799	799	799	9,590	4,800	7,050
Road transport	27,505	27,505	27,505	27,505	27,505	27,505	27,505	27,505	27,505	27,505	27,505	27,505	330,057	335,568	358,808
Environmental protection												-	-	-	-
<i>Trading services</i>	21,169	21,169	21,169	21,169	21,169	21,169	21,169	21,169	21,169	21,169	21,169	21,169	254,033	186,967	177,612
Electricity	11,083	11,083	11,083	11,083	11,083	11,083	11,083	11,083	11,083	11,083	11,083	11,083	133,000	85,500	39,405
Water	6,928	6,928	6,928	6,928	6,928	6,928	6,928	6,928	6,928	6,928	6,928	6,928	83,133	59,721	75,241
Waste water management	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	36,900	32,826	53,600
Waste management	83	83	83	83	83	83	83	83	83	83	83	83	1,000	8,920	9,366
<i>Other</i>	117	117	117	117	117	117	117	117	117	117	117	116	1,398	730	730
Total Capital Expenditure - Standard	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	59,088	709,060	636,372	600,820
Funded by:															
National Government	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	489,060	466,372	480,820
Transfers recognised - capital	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	40,755	489,060	466,372	480,820
Public contributions & donations												-	-	-	-
Borrowing						100,000						-	100,000	50,000	-
Internally generated funds	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	120,000	120,000
Total Capital Funding	50,755	50,755	50,755	50,755	50,755	150,755	50,755	50,755	50,755	50,755	50,755	50,755	709,060	636,372	600,820

Table 51 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2015/16												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates	50,607	55,493	63,560	65,609	50,547	51,515	46,064	49,401	61,469	49,683	56,548	68,305	668,801	706,022	741,323
Property rates - penalties & collection charges	1,981	2,871	3,542	3,742	2,683	-	1,878	3,252	2,988	3,242	3,691	2,796	32,666	34,430	36,289
Service charges - electricity revenue	157,243	138,028	185,307	143,993	135,758	129,384	135,408	134,736	138,548	121,054	137,783	194,702	1,751,944	1,923,703	2,154,547
Service charges - water revenue	29,285	30,816	32,278	31,721	31,975	32,058	30,145	37,580	36,714	31,674	36,051	44,981	405,277	414,729	435,465
Service charges - sanitation revenue	8,656	9,633	9,007	8,768	9,501	9,940	7,917	10,564	9,941	8,675	9,874	12,205	114,680	120,204	126,695
Service charges - refuse revenue	6,199	6,911	6,798	6,491	5,704	6,217	6,658	5,443	6,880	5,736	6,529	7,649	77,215	80,862	85,229
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	2,422	3,555	2,422	2,200	2,388	2,259	2,423	2,142	2,967	2,448	2,773	5,065	33,063	32,234	33,974
Interest earned - external investments	2,343	2,316	2,372	2,185	2,267	2,173	-	4,912	2,461	2,165	5,094	4,000	32,289	34,033	35,871
Interest earned - outstanding debtors	2,778	2,272	1,734	2,373	2,223	4,645	1,783	5,982	1,638	2,312	2,312	2,477	32,549	34,510	36,374
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	125	845	958	907	1,061	913	830	605	627	608	776	838	9,094	8,505	8,964
Licences and permits	12	6	7	11	6	2	6	2	9	11	10	5	87	92	97
Agency services	57	114	29	57	-	-	29	143	57	86	-	60	632	668	704
Transfer receipts - operational	146,802	23,007	-	4,327	82,367	-	-	735	183,264	-	149	-	440,652	463,799	502,985
Other revenue	2,887	4,995	3,735	9,885	1,922	4,886	3,838	1,801	2,444	1,641	626	2,781	41,442	42,502	44,798
Cash Receipts by Source	411,398	280,862	311,748	282,270	328,403	243,992	236,978	257,298	450,027	229,335	262,215	345,864	3,640,390	3,896,292	4,243,314
Other Cash Flows by Source															
Transfer receipts - capital	81,038	11,032	9,529	37,256	129,591	19,177	73,563	17,324	110,550	-	-	-	489,060	466,372	480,820
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000	50,000	-
Increase (decrease) in consumer deposits	516	689	488	312	1,602	165	108	254	126	336	186	467	5,250	6,150	5,250
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	492,952	292,584	321,765	319,838	459,596	263,334	410,649	274,876	560,703	229,670	262,401	346,331	4,234,700	4,418,814	4,729,384
Cash Payments by Type															
Employee related costs	76,018	75,803	73,230	113,534	80,208	74,854	76,038	86,698	65,860	78,667	77,887	77,738	956,536	1,009,506	1,073,538
Remuneration of councillors	3,355	3,321	3,321	3,321	3,312	3,312	3,312	3,312	5,255	3,537	3,537	3,454	42,350	45,659	48,124
Finance charges	-	-	-	-	-	-	-	-	-	-	-	69,489	69,489	68,312	61,719
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	1,270,801	1,270,801	1,397,881	1,537,670
Bulk purchases - Water & Sewer	5,356	5,853	5,836	-	11,330	5,748	5,904	5,765	5,601	6,057	5,849	402,712	466,010	509,352	556,286
Other materials	-	-	-	-	-	-	-	-	-	-	-	6,773	6,773	9,269	9,770
Contracted services	671	688	688	-	1,368	785	201	1,327	802	735	808	10,483	18,556	19,483	20,535
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1,432	24	24	1,432	24	24	1,432	24	24	1,432	24	(43)	5,834	6,599	6,999
Other expenditure	69,470	40,494	31,682	7,236	71,410	84,929	26,383	23,377	181,980	23,906	29,737	(3,786)	586,817	713,254	813,675
Cash Payments by Type	156,301	126,184	114,782	125,523	167,652	169,652	113,270	120,502	259,521	114,334	117,842	1,837,621	3,423,186	3,779,317	4,128,316
Other Cash Flows/Payments by Type															
Capital assets	328	15,466	42,837	36,412	38,709	22,571	59,870	20,650	21,306	70,560	67,043	193,753	589,505	555,584	537,677
Repayment of borrowing	187	187	8,700	187	55	11,776	33	33	33	22,566	33	6,059	49,850	53,628	53,757
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	156,816	141,838	166,319	162,122	206,416	203,998	173,173	141,185	280,861	207,460	184,919	2,037,433	4,062,541	4,388,529	4,719,749
NET INCREASE/(DECREASE) IN CASH HELD	336,136	150,746	155,446	157,716	253,180	59,336	237,475	133,691	279,843	22,210	77,482	(1,691,102)	172,159	30,286	9,635
Cash/cash equivalents at the month/year begin:	951,511	1,287,647	1,438,393	1,593,839	1,751,555	2,004,736	2,064,072	2,301,547	2,435,237	2,715,080	2,737,290	2,814,773	951,511	1,123,670	1,153,956
Cash/cash equivalents at the month/year end:	1,287,647	1,438,393	1,593,839	1,751,555	2,004,736	2,064,072	2,301,547	2,435,237	2,715,080	2,737,290	2,814,773	1,123,670	1,123,670	1,153,956	1,163,591

2.10 Annual budgets and SDBIPs – internal departments

These are discussed fully in the IDP and SDBIP documents

2.11 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 52 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	87,387	89,502	144,030	243,167	288,239	288,239	46,074	53,821	64,346
Infrastructure - Road transport	43,937	45,000	4,780	108,100	108,100	108,100	2,230	4,500	1,300
Roads, Pavements & Bridges	43,937	45,000	4,780	108,100	108,100	108,100	2,230	4,500	1,300
Infrastructure - Electricity	3,986	4,083	131,000	63,500	108,572	108,572	18,000	20,500	24,405
Generation		-	131,000	63,500	108,572	108,572	10,000	10,500	15,000
Street Lighting	3,986	4,083					8,000	10,000	9,405
Infrastructure - Water	24,819	25,419	6,250	24,677	24,677	24,677	25,444	28,321	38,041
Reticulation	24,819	25,419	6,250	24,677	24,677	24,677	25,444	28,321	38,041
Infrastructure - Sanitation	-	-	2,000	-	-	-	-	-	-
Reticulation			2,000				-	-	-
Infrastructure - Other	14,646	15,000	-	46,890	46,890	46,890	400	500	600
Waste Management	14,646	15,000		13,690	13,690	13,690	400	500	600
Other				33,200	33,200	33,200	-	-	-
<u>Community</u>	20,113	20,600	-	41,357	41,357	41,357	10,288	23,470	12,845
Parks & gardens							-	-	-
Sportsfields & stadia				20,185	20,185	20,185	-	-	-
Swimming pools				545	545	545	3,200	16,000	12,000
Community halls	2,880	2,950		4,050	4,050	4,050	-	-	-
Fire, safety & emergency		-		687	687	687	618	550	400
Security and policing							1,200	2,120	380
Museums & Art Galleries				650	650	650	-	-	-
Cemeteries	13,181	13,500		11,350	11,350	11,350	2,000	3,000	-
Other	4,052	4,150		3,890	3,890	3,890	3,270	1,800	65
<u>Heritage assets</u>	-	-	-	-	-	-	-	-	-
<u>Investment properties</u>	-	-	-	-	-	-	-	-	-
<u>Other assets</u>	-	-	30,282	23,785	58,785	58,785	16,062	22,297	8,948
General vehicles			13,710	2,600	2,600	2,600	5,350	16,150	2,950
Specialised vehicles	-	-	-	-	-	-	3,500	-	-
Plant & equipment			550	240	240	240	3,347	5,517	5,443
Computers - hardware/equipment		-	11,000		35,000	35,000	2,995	100	100
Furniture and other office equipment		-		10,020	10,020	10,020	600	130	55
Abattoirs				575	575	575	-	-	-
Markets							-	400	400
Civic Land and Buildings			2,000				-	-	-
Other Buildings			200				-	-	-
Other Land							-	-	-
Surplus Assets - (Investment or Inventory)							-	-	-
Other			2,822	10,350	10,350	10,350	270	-	-
Total Capital Expenditure on new assets	107,500	110,102	174,312	308,310	388,382	388,382	72,424	99,588	86,139
<u>Specialised vehicles</u>	-	-	-	-	-	-	3,500	-	-
Fire							3,500	-	-

Table 53 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	165,406	206,546	161,194	235,780	254,930	254,930	553,466	489,914	492,074
Infrastructure - Road transport	82,776	93,748	87,882	68,684	87,834	87,834	343,277	352,268	377,508
Roads, Pavements & Bridges	82,776	93,748	87,882	68,684	87,834	87,834	343,277	352,268	377,508
Infrastructure - Electricity	4,856	5,000	4,500	65,257	65,257	65,257	115,000	65,000	15,000
Generation	4,856	5,000	4,500	65,257	65,257	65,257	115,000	65,000	15,000
Infrastructure - Water	24,134	34,100	25,925	63,730	63,730	63,730	64,689	41,400	52,200
Dams & Reservoirs	6,896	14,350	10,500	34,980	34,980	34,980	64,689	41,400	52,200
Reticulation	17,239	19,750	15,425	28,750	28,750	28,750			
Infrastructure - Sanitation	25,446	46,200	34,797	31,938	31,938	31,938	29,500	22,326	38,000
Reticulation	25,446	46,200	34,797	31,938	31,938	31,938	29,500	22,326	38,000
Infrastructure - Other	28,194	27,499	8,091	6,171	6,171	6,171	1,000	8,920	9,366
Waste Management	1,994	2,053	8,091				1,000	8,920	9,366
Other	26,200	25,446		6,171	6,171	6,171			
<u>Community</u>	25,329	35,749	13,849	52,615	52,615	52,615	31,250	16,600	11,100
Parks & gardens	680	700		1,500	1,500	1,500	1,000	500	-
Sportsfields & stadia	6,896	7,100	1,700	14,350	14,350	14,350	21,500	-	-
Swimming pools				3,525	3,525	3,525	2,000	5,000	-
Community halls	2,428	2,500		7,721	7,721	7,721			
Museums & Art Galleries	1,500	2,800		2,300	2,300	2,300			
Cemeteries	7,721	8,300	2,800	12,500	12,500	12,500			
Social rental housing									
Other	6,105	14,349	9,349	10,719	10,719	10,719	6,750	11,100	11,100
<u>Heritage assets</u>	-	-	-	-	-	-	-	-	-
<u>Investment properties</u>	-	-	-	-	-	-	-	-	-
<u>Other assets</u>	60,576	49,477	14,550	1,050	9,050	9,050	26,920	270	6,507
Computers - hardware/equipment			2,500				3,750	-	-
Civic Land and Buildings	2,913	7,046	8,050		8,000	8,000	10,170	270	500
Other Buildings	48,759	36,326	4,000	1,050	1,050	1,050	-	-	-
Other	8,905	6,105					13,000	-	6,007
<u>Agricultural assets</u>	-	-	-	-	-	-	-	-	-
<u>Biological assets</u>	-	-	-	-	-	-	-	-	-
<u>Intangibles</u>	-	-	-	-	-	-	25,000	30,000	5,000
Computers - software & programming							25,000	30,000	5,000
Total Capital Expenditure on renewal of existing assets	251,311	291,772	189,594	289,444	316,594	316,594	636,636	536,784	514,681
Renewal of Existing Assets as % of total capex	70.0%	72.6%	52.1%	48.4%	44.9%	44.9%	89.8%	84.4%	85.7%
Renewal of Existing Assets as % of deprecn"	91.8%	123.0%	41.8%	111.6%	122.0%	122.0%	131.1%	99.8%	86.5%

Table 54 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	25,196	31,185	57,165	165,342	126,076	126,076	107,064	131,387	128,988
Infrastructure - Road transport	3,392	5,361	7,094	63,667	26,947	26,947	29,658	51,811	85,115
Roads, Pavements & Bridges	3,392	5,361	7,094	63,667	26,947	26,947	29,658	51,811	85,115
Infrastructure - Electricity	13,726	24,992	48,014	73,236	70,690	70,690	48,071	48,774	11,408
Transmission & Reticulation	13,726	24,927	47,899	63,667	58,621	58,621	41,107	41,462	3,701
Street Lighting		66	115	9,569	12,069	12,069	6,964	7,312	7,708
Infrastructure - Water	1,216	746	1,554	21,849	21,849	21,849	15,714	16,499	17,390
Reticulation	1,216	746	1,554	21,849	21,849	21,849	15,714	16,499	17,390
Infrastructure - Sanitation	-	-	502	6,591	6,591	6,591	4,807	5,047	5,320
Reticulation			502	6,591	6,591	6,591	4,807	5,047	5,320
Infrastructure - Other	6,862	86	-	-	-	-	8,814	9,255	9,754
Waste Management	3,627	86					8,814	9,255	9,754
Other	3,235								
Community	9,015	2,074	-	-	-	-	4,582	4,811	5,071
Parks & gardens									
Sportsfields & stadia	2,661	616					291	305	322
Libraries	713	532					11	11	12
Fire, safety & emergency	907	397					3,424	3,595	3,789
Security and policing		37							
Clinics	323	290							
Museums & Art Galleries	150	1					355	373	393
Cemeteries	670	201							
Other	3,592						502	527	555
Heritage assets	-	55,926	42,746	-	-	-	-	-	-
Buildings									
Other		55,926	42,746						
Other assets	5,298	8,597	39,150	126,015	91,841	91,841	90,481	144,778	227,599
General vehicles	320		11,618	21,399	21,399	21,399	24,662	37,435	71,360
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	147		22,449	32,395	33,376	33,376	24,466	38,344	71,711
Civic Land and Buildings			3,474	70,314	35,159	35,159	41,352	68,998	84,528
Other Buildings	168			-	-	-			
Other	4,663	8,597	1,608	1,907	1,907	1,907			
Total Repairs and Maintenance Expenditure	39,510	97,782	139,060	291,357	217,917	217,917	202,126	280,975	361,657
R&M as a % of PPE	0.6%	1.6%	2.3%	4.0%	3.2%	3.2%	3.1%	4.1%	5.0%
R&M as % Operating Expenditure	1.4%	3.0%	3.9%	8.3%	6.1%	6.1%	5.0%	6.4%	7.6%

Table 55 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
R thousand							
<u>Capital expenditure</u>							
Vote 1 - Corporate Services	33,265	33,750	43,007				
Vote 2 - Financial Management Area	25,710	30,000	5,000				
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management	601,815	523,785	536,470				
Vote 4 - Sustainable Community Service Delivery Provision Management	48,271	48,837	16,343				
Total Capital Expenditure	709,060	636,372	600,820	-	-	-	-
<u>Future operational costs by vote</u>							
Vote 1 - Corporate Services							
Vote 2 - Financial Management Area							
Vote 3 - Infrastructure Development, Service Delivery and Maintenance Management							
Vote 4 - Sustainable Community Service Delivery Provision Management							
Total future operational costs	-	-	-	-	-	-	-
<u>Future revenue by source</u>							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
List other revenues sources if applicable							
List entity summary if applicable							
Total future revenue	-	-	-	-	-	-	-
Net Financial Implications	709,060	636,372	600,820	-	-	-	-

Table 56 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project		2015/16 Medium Term Revenue & Expenditure Framework			Project Information	
R thousand	Program/Project description	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>						
City Finance	Financial Management System	25,000		5,000		E
City Finance	furniture and equipment	50	–	–		N
City Finance	4 Meter Readers Vehicles	350	–	–		N
City Finance	Computers	40	–	–		N
City Finance	Furniture	40	–	–		N
City Finance	Adding Machines/Calculators -Rates	3	–	–		N
City Finance	New Filing System Rates	80	–	–		N
City Finance	Fodged Note Detector -Cashiers	7	–	–		N
City Finance	Furniture -Stores	30	–	–		N
City Finance	install more camera systems	20	–	–		N
City Finance	Office Furnisher	25	–	–		N
City Finance	Computers -Desk tops	30	–	–		N
City Finance	Filing Cabinets	10	–	–		N
City Finance	Furniture	25	–	–		N
Community Services & Social Equit	CNL - FURNITURE	20	30	–		N
Community Services & Social Equit	Traffic Office – CBD (Office Furniture for staff below & renovations)	30	–	–		E
Community Services & Social Equit	Traffic Office and DLTC – Truro Centre (Office Furniture for staff below & renovations)	50	–	–		E
Community Services & Social Equit	Traffic Office HQ – Lecture Room + Administration Office	100	–	200		E
Community Services & Social Equit	Portable Radios Quantity x 190radios	250	–	250		N
Community Services & Social Equit	1x Digital Repeater	75	–	–		N
Community Services & Social Equit	Driving Licence Testing Centre/Registering Authority (Truro Hall)	1,500	1,000	1,000		E
Community Services & Social Equit	Taurus PT 92 Handgun (75)	500	1,200	50		N
Community Services & Social Equit	Mossberg Shotgun (5)	50	70	60		N
Community Services & Social Equit	LM4/5 Rifles (5)	50	200	20		N
Community Services & Social Equit	Build Shooting Range	350	650	–		N
Community Services & Social Equit	Heavy duty laminate machine	3	–	–		N
Community Services & Social Equit	Metal Detector	10	–	–		N
Community Services & Social Equit	Hydrant Pressure Tester	20	–	–		N
Community Services & Social Equit	Critical Fire Fighting Equipment	500	500	350		N
Community Services & Social Equit	Fleet Replacement Fire Engine	3,500	–	–		N
Community Services & Social Equit	Fleet Replacement Command Vehicle	1,300	300	–		N
Community Services & Social Equit	Containers x 2	15	–	–		N
Community Services & Social Equit	Airconditioners x 7	30	–	–		N
Community Services & Social Equit	Pharo 1000 – Spectrometer	80	–	100		N
Community Services & Social Equit	Air quality monitoring station shelter	240	270	300		E
Community Services & Social Equit	Water filtration unit	25	–	25		N
Community Services & Social Equit	2 X Sound level meters	160	175	200		N
Community Services & Social Equit	Office furniture – 15 desks with drawers	25	50	55		N
Community Services & Social Equit	Electronic filing system (Giscae)	300	–	–		N
Community Services & Social Equit	Water distillation unit	30	–	40		N
Community Services & Social Equit	6 x display board/Health education panels	10	12	13		N
Community Services & Social Equit	3 x LDV's	750	850	950		N
Community Services & Social Equit	Air conditioners X8	40	200	5,000		N
Community Services & Social Equit	4 x LDV	400	–	–		N
Community Services & Social Equit	2 x (4x4) Double Cab	250	1,500	–		N
Community Services & Social Equit	3 x sedans	300	2,000	2,000		N
Community Services & Social Equit	Revitalisation of Alexandra Park, phase 1	500	–	–		E
Community Services & Social Equit	Implementation of master plan for sports facilities, Phase 1	1,500	–	–		E
Community Services & Social Equit	Vehicles (Water tankers, Tractors, bakkies, trucks)	2,000	11,500	–		N
Community Services & Social Equit	Essential Equipment(Brushcutters, Slashers, Mowers, chainsaws, Scrapers etc)	2,000	5,000	–		N
Community Services & Social Equit	New pools in Edendale, Vulindlela, Imbali and Grange	3,200	16,000	12,000		N
Community Services & Social Equit	Kwa-Pata recycling centre - Imbali	1,000	1,000	–		N
Community Services & Social Equit	Supply of 15m3 Refuse containers to businesses	1,500	500	–		N
Community Services & Social Equit	Supply of 1.75m3 Bins for paying customers	700	300	–		N
Community Services & Social Equit	Upgrade swimming pools (Buchannan & Alexandra)	2,000	5,000	–		E
Community Services & Social Equit	Development of new cemetery when land has been identified	2,000	3,000	–		N
Community Services & Social Equit	Upgrading of Link Rd Garden Site	250	250	–		E
Community Services & Social Equit	Upgrading of Prestbury Garden Site	250	250	–		E
Community Services & Social Equit	MIG - REGIONAL ATHLETIC TRACK SPORT COMPLEX	20,000	–	–		E

Table 56 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework			Project information	
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand						
Parent municipality:						
<i>List all capital projects grouped by Municipal Vote</i>						
Corporate Business Unit	PURP	5,000	–	6,007		E
Corporate Business Unit	Marketing and Communications	500	–	–		E
Corporate Business Unit	CBU Furniture (new staff)	250	–	–		N
Development Services	BARROWS	–	50	50		N
Development Services	INSTALLATION OF SAFETY BARRIERS	–	50	50		N
Development Services	INSTALLATION OF DOCK LEVELLERS AT BAYS	–	50	50		N
Development Services	INSTALLATION OF ALARM/INTERCOM SYSTEM	–	50	50		N
Development Services	PUBLIC ADDRESS SYSTEM	–	25	25		N
Development Services	NEW AIRCONDITIONING SYSTEMS	–	100	100		N
Development Services	INSTALLATION OF EARTH LEAKAGE PROTECTION SYSTEM	–	50	50		N
Development Services	AUTOMATED TEMPERATURE MONITORING SYSTEM	–	150	150		N
Development Services	COMPUTER EQUIPMENT	–	50	50		N
Development Services	TOOL KITS	–	5	5		N
Development Services	COMPUTERS	75	–	–		N
Development Services	COMPUTERS/SOFTWARE	150	50	50		N
Development Services	REFURBISHING OF GALLWEY HOUSE	8,000	–	–		E
Development Services	PERIMETER INTRUSION DETECTION SYSTEM	800	–	–		N
Development Services	CCTV CAMERA SYSTEM	250	–	–		N
Development Services	RUNWAY AND TAXIWAY LIGHTS	250	100	100		E
Development Services	MOBILE GPS SYSTEM	50	–	–		N
Development Services	OFFICE PARTIONING	75	50	–		N
Development Services	FURNITURE & FITTINGS	50	–	–		N
Development Services	NEW FIRE DETECTION SYSTEM	98	50	50		N
Development Services	UNIT 5 PHASE 8 EXTENSION	7,500	–	–		E
Development Services	ESTABLISHMENT OF THE TOWN CENTRE	5,000	10,000	10,000		E
Development Services	THWALA ROAD UPGRADE	15,000	20,000	20,000		E

Table 56 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework			Project information	
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand						
Parent municipality:						
<i>List all capital projects grouped by Municipal Vote</i>						
Infrastructure Services & Facilities	CNL - NETWORK 132kV REHABILITATION PLAN	15,000	15,000	15,000		E
Infrastructure Services & Facilities	CNL - TELEMETRY / INSTRUMENTATION EQUIPMENT	400	500	600		N
Infrastructure Services & Facilities	CNL - REHABILITATION OF WATER INFRASTRUCTURE	5,500	15,000	20,000		E
Infrastructure Services & Facilities	CNL - LEAK DETECTION EQUIPMENT	300	400	450		N
Infrastructure Services & Facilities	CNL - COMPUTERS	200	200	200		N
Infrastructure Services & Facilities	CNL - AIRCONDITIONING UPGRADE - BASEMENT, LOWER GROUND FLOORS - AS CHETTY	300	1,000	-		E
Infrastructure Services & Facilities	CNL - DOULL ROAD - HOSTEL AND CHANGEROOMS (Water/Sanitation Female staff)	1,500	-	-		E
Infrastructure Services & Facilities	CNL - PLANT AND EQUIPMENT	150	200	-		N
Infrastructure Services & Facilities	CNL - TRAFFIC CALMING MEASURES	250	-	-		N
Infrastructure Services & Facilities	CNL - EASTERN RING ROAD - DETAIL DESIGN AND CONSTRUCTION	300	-	-		E
Infrastructure Services & Facilities	CNL - PLANT AND EQUIPMENT - (Traffic Lights spares, equip etc)	80	-	-		N
Infrastructure Services & Facilities	CNL - PLANT AND EQUIPMENT	300	300	300		N
Infrastructure Services & Facilities	CNL - REHABILITATION OF PUBLIC TRANSPORT FACILITIES (West Street Taxi Rank, Retief	300	-	-		E
Infrastructure Services & Facilities	CNL - MAYORS WALK ROAD WIDENING	400	-	-		E
Infrastructure Services & Facilities	CNL - PURCHASING OF NEW TRAFFIC SIGNAL CONTROLLERS	150	-	-		N
Infrastructure Services & Facilities	CNL - UPGRADING OF ROADS IN ASHBURTON - Design	3,500	7,500	5,000		E
Infrastructure Services & Facilities	CNL - ROAD REHABILITATION - PMS	7,600	13,163	33,250		E
Infrastructure Services & Facilities	CNL - CONNOR - OTTO'S BLUFF ROADS - LINK	150	11,300	10,000		E
Infrastructure Services & Facilities	CNL - LESTER BROWN LINK ROAD	7,200	500	-		E
Infrastructure Services & Facilities	CNL - Upgrade SWD system in the Imbali Roads - Lower Sinkwazi Rd flooding, etc	300	1,500	-		E
Infrastructure Services & Facilities	CNL - INSTALLATION OF NEW GUARD RAILS (as per requests)	600	800	800		E
Infrastructure Services & Facilities	MIG - UPGRADE DESIGN OF GRAVEL ROADS - VULINDLELA - D 1128 (Phase 1, 2 and 3)	5,500	-	-		E
Infrastructure Services & Facilities	MIG - UPGRADE OF GRAVEL ROADS - WILLOWFOUNTAIN ROADS	2,500	4,500	3,500		E
Infrastructure Services & Facilities	MIG - HORSE SHOE ACCESS RD AND PASSAGES IN IMBALI STAGE 1 & 2	1,000	3,000	3,000		E
Infrastructure Services & Facilities	MIG - UPGRADING OF GRAVEL RDS - EDN - WARD 12 - MOSCOW AREA RDS	3,500	1,500	-		E
Infrastructure Services & Facilities	MIG - UPGRADING OF ROADS IN EDENDALE - KWANYAMAZANE ROADS	1,500	2,000	2,500		E
Infrastructure Services & Facilities	MIG - UPGRADING OF ROADS IN EDENDALE - Route 7B	-	4,500	3,000		E
Infrastructure Services & Facilities	MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - WARD 16	3,500	2,500	2,500		E
Infrastructure Services & Facilities	MIG - UPGRADE OF INTERNAL ROADS - HANIVILLE	2,500	2,500	-		E

Table 56 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	2015/16 Medium Term Revenue & Expenditure Framework			Project Information	
		Budget Year 2015/16	Budget Year 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
Parent municipality:						
List all capital projects grouped by Municipal Vote						
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS IN EDENDALE IN ESIGODINI	5,700	3,000	—	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - STATION RD	100	8,000	—	E	E
Infrastructure Services & Facilities	MIG - REHABILITATION OF ROADS IN ASHDOWN	3,500	3,000	3,000	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - Roads in Unit 14/Unit P - Design	3,300	3,500	3,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - MACHIBISA / DAMBUZA RDS	3,000	4,500	4,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS IN PEACE VALLEY - (Plan & Design in 2014/15) - 10km	4,956	8,000	10,000	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS IN VULINDLELA - (Ward 2 roads - 12km)	—	—	2,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - WARD 17 Roads (Phase 3)	1,700	1,500	1,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - DAMBUZA MAIN ROAD Major SWD	200	2,000	—	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - GEORGETOWN & SURRO	—	1,500	1,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - D2069 (MTHALANE RD) -Phase2	9,000	9,000	—	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - CALUZA ROADS	—	1,500	1,500	E	E
Infrastructure Services & Facilities	MIG - WARD 10 ROADS - REHABILITATION OF ROADS & STORMWATER UPGRADE	2,000	2,500	—	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - Smeroe roads & SW	1,700	2,500	—	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - Snatching Rds - 5.0km - (M	2,000	1,500	1,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 3 ROADS	4,000	7,500	7,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - GREATER EDENDALE - HAREWOOD AREA	5,000	5,000	5,000	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 1 ROADS	4,000	3,500	7,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 4 ROADS	4,000	4,500	6,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 5 ROADS	—	3,000	7,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 6 ROADS	4,000	3,000	7,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 7 ROADS	4,000	3,500	7,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 8 ROADS - Masoyi Rd, etc	4,000	5,500	7,500	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - VULINDLELA - WARD 9 ROADS	4,000	5,500	5,000	E	E
Infrastructure Services & Facilities	MIG - UPGRADE GRAVEL ROADS - EDENDALE - WARD 22 - 8.4km roads - Storm-wat	700	500	500	E	E
Infrastructure Services & Facilities	MIG - ASHDOWN BANK PROTECTION AGAINST COLLAPSING OF ADJACENT HOUSES - P1	300	700	—	E	E
Infrastructure Services & Facilities	MIG - UPGRADE OF BRIDGES - Pedestrian Bridge Over River - Smero/Esigodini	100	3,000	—	E	E
Infrastructure Services & Facilities	MIG - WOODHOUSE PEDESTRIAN BRIDGE	100	400	—	E	E
Infrastructure Services & Facilities	MIG - MABANE BRIDGE PROJECT	300	2,500	—	N	E
Infrastructure Services & Facilities	REHABILITATION OF ROADS IN IMBALI UNIT 18	3,000	300	2,000	E	E
Infrastructure Services & Facilities	MIG - BUS STOP SHELTERS	1,000	1,500	1,000	N	E
Infrastructure Services & Facilities	MIG - REHABILITATION OF PUBLIC ABLUTIONS	—	500	500	E	E
Infrastructure Services & Facilities	MIG - LANDFILL UPGRADE	1,000	8,920	9,366	E	E
Infrastructure Services & Facilities	MIG - SANITATION INFRASTRUCTURE FEASIBILITY STUDY	2,500	3,000	8,000	E	E
Infrastructure Services & Facilities	MIG - SHENSTONE AMBLETON SANITATION SYSTEM	—	1,000	3,000	E	E
Infrastructure Services & Facilities	MIG - REHABILITATION OF SANITATION INFRASTRUCTURE	1,000	9,000	7,000	E	E
Infrastructure Services & Facilities	MIG - SEWER PIPES UNIT H	8,000	1,663	6,000	E	E
Infrastructure Services & Facilities	MIG - SEWER PIPES AZALEA - PHASE 2	8,000	1,663	7,000	E	E
Infrastructure Services & Facilities	BASIC SANITATION VIP TOILETS	7,000	10,000	15,000	N	E
Infrastructure Services & Facilities	MIG - ELIMINATION OF CONSERVANCY TANKS - (SEWER)	5,000	—	—	E	E
Infrastructure Services & Facilities	MIG - SERVICE MIDDLEBLOCK ERADICATION IN SOBANTU, ASHDOWN & IMBALI (SEWER)	5,000	6,000	7,000	E	E
Infrastructure Services & Facilities	MIG - REDUCTION OF NON REVENUE WATER	16,000	8,000	—	E	E
Infrastructure Services & Facilities	MIG - ELIMINATION OF CONSERVANCY TANKS - (WATER)	300	400	600	E	E
Infrastructure Services & Facilities	MIG - SERVICE MIDDLEBLOCK ERADICATION IN SOBANTU, ASHDOWN & IMBALI (WATER)	500	500	600	E	E
Infrastructure Services & Facilities	MIG - BASIC WATER SUPPLY	—	5,000	8,000	N	E
Infrastructure Services & Facilities	MIG - EDENDALE PROPER NEW MAINS & RETICULATION	1,500	2,000	2,200	N	E
Infrastructure Services & Facilities	MIG - COPEVILLE RESERVOIR	500	1,500	15,000	E	E
Infrastructure Services & Facilities	MIG - HIGH MAST LIGHTS IN VULINDLELA & GREATER EDENDALE	8,000	10,000	9,405	N	E
Infrastructure Services & Facilities	INEP - ELECTRIFICATION	10,000	10,500	15,000	N	E
Infrastructure Services & Facilities	MWIG - REDUCTION OF NON REVENUE WATER	15,000	16,000	16,000	E	E
Infrastructure Services & Facilities	MWIG - BASIC WATER SUPPLY	16,444	10,721	12,191	N	E
Infrastructure Services & Facilities	MWIG - MASONS RESERVOIR PIPELINE	26,889	—	—	E	E
Infrastructure Services & Facilities	DOT - PUBLIC TRANSPORT INFRASTRUCTURE	213,271	203,605	199,958	E	E
Infrastructure Services & Facilities	DBSA - NETWORK 132kV REHABILITATION PLAN	100,000	50,000	—	E	E
Sound Governance	CNL - Revamp of 6th floor, and Boardroom - PNC	250	—	—	E	E
Sound Governance	LAN/WAN - Mkondeni DRP	750	—	—	E	E
Sound Governance	Servers	400	—	—	N	E
Sound Governance	Time Attendance Biometric devices - Finger scans - SMC resolution	2,000	—	—	N	E
Sound Governance	Fibre Replacement - Replace Telkom copper lines with fibre -do not cut	3,000	—	—	E	E
Parent Capital expenditure		709,060	636,372	600,820		
Entity Capital expenditure		—	—	—		
Total Capital expenditure		709,060	636,372	600,820		

Table 57 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
							Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand						Year					
Parent municipality:											
List all capital projects grouped by Municipal Vote											
	Vulindela Streetlighting Phase 3										
Infrastructure						3,117	3,117				

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed a number of interns who undergoing training in various divisions of the Financial Services Department, as well as other sector departments especially in the technical and services sector.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

2.14 Other supporting documents

Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	878,862	871,524	970,458	717,293	717,293	717,293	717,293	1,112,563	1,173,286	1,233,506
less Revenue Foregone	373,552	285,660	367,505	58,242	58,242	58,242	58,242	369,450	388,818	409,814
Net Property Rates	505,310	585,864	602,954	659,052	659,052	659,052	659,052	743,113	784,468	823,692
Service charges - electricity revenue										
Total Service charges - electricity revenue	1,216,308	1,401,971	1,493,679	1,628,586	1,628,586	1,628,586	1,628,586	1,863,770	2,085,156	2,332,669
less Revenue Foregone	3,648		6,739	43	43	43	43			
Net Service charges - electricity revenue	1,212,660	1,401,971	1,486,939	1,628,543	1,628,543	1,628,543	1,628,543	1,863,770	2,085,156	2,332,669
Service charges - water revenue										
Total Service charges - water revenue	345,941	397,402	398,746	411,581	411,581	411,581	411,581	481,941	518,302	544,988
less Revenue Foregone	57,596	10,983	17,938	20,293	20,293	20,293	20,293	5,109	5,385	5,676
Net Service charges - water revenue	288,345	386,419	380,807	391,288	391,288	391,288	391,288	476,831	512,916	539,312
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	110,386	136,656	133,959	130,351	130,351	130,351	130,351	143,658	150,631	158,765
less Revenue Foregone	2,879	16,567	7,658	3,769	3,769	3,769	3,769	8,741	9,214	9,712
Net Service charges - sanitation revenue	107,507	120,089	126,301	126,582	126,582	126,582	126,582	134,917	141,417	149,054
Service charges - refuse revenue										
Total refuse removal revenue	70,077	82,519	82,067	90,224	90,224	90,224	90,224	93,472	97,910	103,197
Total landfill revenue										
less Revenue Foregone	(14)	8,520	2,613	2,512	2,512	2,512	2,512	2,631	2,778	2,928
Net Service charges - refuse revenue	70,091	73,999	79,454	87,712	87,712	87,712	87,712	90,841	95,132	100,269
Other Revenue by source										
Airport	3,461	4,426	6,220	4,415	4,415	4,415	4,415	4,856	5,342	5,631
Forestry	12,871	11,383	15,090	13,293	13,293	13,293	13,293	14,037	14,823	15,624
Market	17,175	17,503	20,676	18,625	18,625	18,625	18,625	21,797	20,782	21,905
Burials & Crematoriums	1,258	1,715	2,165	1,186	1,186	1,186	1,186	1,245	1,307	1,378
Buildings	1,953	1,658	1,585	1,694	1,694	1,694	1,694	1,788	1,877	1,978
Reconnections	12,602	5,946	8,909	11,578	11,578	11,578	11,578	12,215	12,826	13,519
Training Levy Recoveries	3,147	4,792	1,497	3,693	3,693	3,693	3,693	3,896	4,090	4,311
Other Revenue	476	827	40,049	74,521	72,515	72,515	72,515	13,842	14,342	15,117
Sundry Income	3,615	12,303	19,321	7,226	7,226	7,226	7,226	6,019	6,345	6,688
Total 'Other' Revenue	56,557	60,553	115,513	136,230	134,224	134,224	134,224	79,695	81,735	86,149
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	459,797	464,624	496,690	602,808	602,808	602,808	602,808	663,533	700,577	748,238
Pension and UIF Contributions	7,737	8,104	9,379	155,222	155,222	155,222	155,222	11,761	12,408	13,065
Medical Aid Contributions	118,977	133,641	143,280					172,562	182,053	191,701
Overtime	27,337	25,656	30,263	30,222	30,222	30,222	30,222	39,206	41,360	43,550
Motor Vehicle Allowance	32,352	32,277	36,189	37,095	37,095	37,095	37,095	42,820	44,988	47,372
Housing Allowances	3,754	3,219	2,972	3,286	3,286	3,286	3,286	3,167	3,341	3,518
Other benefits and allowances				8,574	8,574	8,574	8,574			
Long service awards	16,245	16,816	22,763	18,680	18,680	18,680	18,680	23,488	24,780	26,093
sub-total	666,198	684,337	741,537	855,887	855,887	855,887	855,887	956,536	1,009,506	1,073,538
Less: Employees costs capitalised to PPE										
Total Employee related costs	666,198	684,337	741,537	855,887	855,887	855,887	855,887	956,536	1,009,506	1,073,538
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	273,087	229,011	452,670	259,469	259,469	259,469	259,469	485,746	537,857	595,059
Capital asset impairment	586	8,142	662							
Total Depreciation & asset impairment	273,673	237,153	453,332	259,469	259,469	259,469	259,469	485,746	537,857	595,059

Table 58 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Bulk purchases										
Electricity Bulk Purchases	919,410	1,039,361	1,081,219	1,134,644	1,134,644	1,134,644	1,134,644	1,270,801	1,397,881	1,537,670
Water Bulk Purchases	300,408	333,880	372,183	344,878	410,529	410,529	410,529	466,010	509,352	556,286
Total bulk purchases	1,219,818	1,373,241	1,453,402	1,479,522	1,545,173	1,545,173	1,545,173	1,736,811	1,907,233	2,093,955
Transfers and grants										
Cash transfers and grants	4,144	4,164	4,429	5,408	5,408	5,408	5,408	5,854	6,599	6,999
Total transfers and grants	4,144	4,164	4,429	5,408	5,408	5,408	5,408	5,854	6,599	6,999
Contracted services										
Security Contract	21,091	17,769	21,066	17,678	26,178	26,178	26,178	18,556	19,483	20,535
External Cashiers				6,107	6,107	6,107	6,107			
External Services			-	69,266	75,311	75,311	75,311			
sub-total	21,091	17,769	21,066	93,051	107,596	107,596	107,596	18,556	19,483	20,535
Total contracted services	21,091	17,769	21,066	93,051	107,596	107,596	107,596	18,556	19,483	20,535
Other Expenditure By Type										
Collection costs	8	10	3		21	21	21	3,412	3,583	3,776
Consultant fees	3,302	2,581	6,073	6,867	16,367	16,367	16,367	3,450	3,624	3,820
Audit fees	4,034	4,341	3,550	4,923	4,923	4,923	4,923	5,415	5,956	6,278
General expenses	81,991	208,165	305,866	(135,926)	(162,681)	(162,681)	(162,681)	82,424	111,962	114,391
Conditional Grant Expenditure	35,564	87,412	55,629	152,347	152,347	152,347	152,347	6,562	2,582	2,733
Rep. & Mtnce Related Expenditure	39,510	139,060	68,018	271,421	237,067	237,067	237,067	200,976	169,903	210,409
Other	138,534	46,093	162,501	63,818	73,152	73,152	73,152	80,522	94,276	99,367
External Services	41,476	30,494	47,380	30,774	36,819	36,819	36,819	54,778	48,706	51,336
Petrol & Lubricants	18,222	28,436	20,144	26,871	32,011	32,011	32,011	21,908	26,154	27,566
Insurance	12,221	10,917	10,931	14,210	14,210	14,210	14,210	14,631	17,195	18,123
Forestry	-	12,127	-	12,839	12,839	12,839	12,839	12,558	14,317	15,090
Plant Hire	-	3,663	-	2,217	2,153	2,153	2,153	5,223	11,191	11,796
Marketing & Promotion	1,848	8,629	1,969	15,920	15,920	15,920	15,920	7,527	7,903	8,330
Govt Training Levy	5,245	6,208	5,581	6,957	6,957	6,957	6,957	5,298	7,663	8,076
Ward Committee Expenses	80	-	266	5,986	4,486	4,486	4,486	4,195	7,564	7,972
Telephones	5,003	7,425	5,655	7,640	7,640	7,640	7,640	7,191	7,545	7,953
Ward Committee Costs	-	6,770	266	4,370	4,370	4,370	4,370	5,172	7,531	7,938
Small Medium & Micro Enterprises (Smme)	59	902	349	3,950	3,450	3,450	3,450	3,915	6,924	7,297
Kwanalogo Subscriptions	3,720	6,185	4,000	6,517	15,990	15,990	15,990	4,836	7,178	7,566
Mayoral Projects	2,698	5,169	3,498	6,485	6,485	6,485	6,485	6,401	7,141	7,526
Special Projects	-	4,075	-	6,169	6,130	6,130	6,130	5,019	6,845	7,214
Software Licences	-	3,121	3,163	4,773	4,721	4,721	4,721	4,774	6,063	6,390
IDP Expenses	-	4,144	212	5,000	5,500	5,500	5,500	4,000	5,000	5,270
Personnel - Training	-	4,439	3,143	4,862	4,862	4,862	4,862	4,998	5,248	5,532
Bank Charges	-	3,743	-	4,740	4,740	4,740	4,740	4,993	5,259	5,543
Consolidated Billing Costs	-	2,813	-	3,404	3,404	3,404	3,404	3,637	4,869	5,132
Total 'Other' Expenditure	393,513	636,923	708,198	537,133	513,882	513,882	513,882	563,817	602,182	662,426
Repairs and Maintenance										
Employee related costs				94,848	94,848	94,848	94,848			
Other materials				25,198	25,198	25,198	25,198			
Contracted Services				19,012	19,012	19,012	19,012			
Other Expenditure	39,510	97,783	139,060	152,300	78,860	78,860	95,580	200,976	280,975	487,986
Total Repairs and Maintenance Expenditure	39,510	97,783	139,060	291,357	217,917	217,917	234,637	200,976	280,975	487,986

Table 59 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Corporate Services	Vote 2 - Financial Management Area	Vote 3 - Infrastructure Development, Service Delivery	Vote 4 - Sustainable Community Service	Total
R thousand	1					
Revenue By Source						
Property rates		–	743,113	–	–	743,113
Property rates - penalties & collection charges		–	41,349			41,349
Service charges - electricity revenue		–	–	1,863,770		1,863,770
Service charges - water revenue		–	–	476,797		476,797
Service charges - sanitation revenue		–	–	134,917		134,917
Service charges - refuse revenue		–	–	90,841		90,841
Rental of facilities and equipment			41,329			41,329
Interest earned - external investments			33,988			33,988
Interest earned - outstanding debtors			62,593			62,593
Fines			17,488			17,488
Licences and permits			87			87
Agency services			632			632
Other revenue			79,695	–		79,695
Transfers recognised - operational		–	440,652	–		440,652
Gains on disposal of PPE		–	9,700	–	–	9,700
Total Revenue (excluding capital transfers and contributions)		–	1,470,627	2,566,325	–	4,036,952
Expenditure By Type						
Employee related costs		–	956,536	–	–	956,536
Remuneration of councillors		–	–	–	42,350	42,350
Debt impairment			124,586			124,586
Depreciation & asset impairment		–	–	485,746	–	485,746
Finance charges		–	69,489	–	–	69,489
Bulk purchases				1,736,811		1,736,811
Other materials			6,773	–		6,773
Contracted services		18,556	–	–	–	18,556
Transfers and grants		–	5,854	–	–	5,854
Other expenditure			586,817			586,817
Total Expenditure		18,556	1,750,055	2,222,557	42,350	4,033,517
Surplus/(Deficit)		(18,556)	(279,427)	343,768	(42,350)	3,435
Transfers recognised - capital		489,060				489,060
Surplus/(Deficit) after capital transfers & contributions		470,504	(279,427)	343,768	(42,350)	492,495

Table 60 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2011/12 Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2015/16 Medium Term Revenue & Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
ASSETS										
<u>Call investment deposits</u>										
Call deposits < 90 days	555,848	674,251	777,301	555,595	972,789	972,789	972,789	1,078,238	1,101,715	1,109,505
Other current investments > 90 days	5,256	5,901	6,902		7,317	7,317	7,317	7,736	8,223	8,717
Total Call investment deposits	561,104	680,152	784,203	555,595	980,105	980,105	980,105	1,085,994	1,109,937	1,118,221
<u>Consumer debtors</u>										
Consumer debtors	442,012	1,355,609	804,907	1,600,000	1,600,000	1,600,000	1,600,000	1,839,733	2,063,027	2,304,061
Less: Provision for debt impairment		(801,836)	(137,510)	(832,046)	(832,046)	(832,046)	(832,046)	(956,586)	(1,091,565)	(1,235,453)
Total Consumer debtors	442,012	553,773	667,397	767,954	767,954	767,954	767,954	883,147	971,462	1,068,608
<u>Debt impairment provision</u>										
Balance at the beginning of the year	(525,990)	(686,907)	(1,052,407)	(801,836)	(801,836)	(801,836)	(801,836)	(832,000)	(956,586)	(1,091,565)
Contributions to the provision	(58,210)	(250,342)	(137,510)	(30,164)	(30,164)	(30,164)	(30,164)	(124,586)	(134,979)	(143,888)
Bad debts written off	(157)									
Balance at end of year	(584,357)	(937,250)	(1,189,917)	(832,000)	(832,000)	(832,000)	(832,000)	(956,586)	(1,091,565)	(1,235,453)
<u>Property, plant and equipment (PPE)</u>										
PPE at cost/valuation (excl. finance leases)	6,687,174	6,421,206	6,535,729	8,819,134	8,285,675	8,285,675	8,285,675	8,969,735	9,576,107	10,171,927
Leases recognised as PPE										
Less: Accumulated depreciation	269,405	237,281	480,813	1,535,204	1,535,204	1,535,204	1,535,204	2,020,950	2,558,807	3,153,866
Total Property, plant and equipment (PPE)	6,417,768	6,183,925	6,054,916	7,283,930	6,750,470	6,750,470	6,750,470	6,948,785	7,017,300	7,018,060
LIABILITIES										
<u>Current liabilities - Borrowing</u>										
Short term loans (other than bank overdraft)	2,248	1,089	338					-	-	-
Current portion of long-term liabilities	43,584	45,575	42,691	42,691	42,691	42,691	42,691	61,751	73,149	77,414
Total Current liabilities - Borrowing	45,832	46,664	43,029	42,691	42,691	42,691	42,691	61,751	73,149	77,414
<u>Trade and other payables</u>										
Trade and other creditors	440,974	481,005	453,063	785,549	1,076,364	1,076,364	1,076,364	942,071	644,173	341,986
Unspent conditional transfers	149,448	170,460	291,314	83,930	135,502	135,502	135,502	174,788	104,873	41,949
VAT	52,660	70,539	49,453	79,000	79,000	79,000	79,000	100,630	72,278	68,959
Total Trade and other payables	643,081	722,004	793,830	948,479	1,290,866	1,290,866	1,290,866	1,217,489	821,324	452,894
<u>Non current liabilities - Borrowing</u>										
Borrowing	575,954	540,418	496,829	100,000	100,000	100,000	100,000	579,761	548,013	467,808
Finance leases (including PPP asset element)	2,008	907	569							
Total Non current liabilities - Borrowing	577,963	541,325	497,398	100,000	100,000	100,000	100,000	579,761	548,013	467,808
<u>Provisions - non-current</u>										
Retirement benefits	285,724	480,278	559,848	713,533	713,533	713,533	713,533	615,833	677,417	745,158
List other major provision items										
Refuse landfill site rehabilitation	22,399	55,456	61,002	55,456	55,456	55,456	55,456	65,882	72,470	78,268
Other	-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current	308,123	535,734	620,850	768,990	768,990	768,990	768,990	681,715	749,887	823,426
CHANGES IN NET ASSETS										
<u>Accumulated Surplus/(Deficit)</u>										
Accumulated Surplus/(Deficit) - opening balance	6,852,230	7,002,864	7,077,758	7,509,652	6,833,751	6,833,751	6,833,751	7,515,870	8,008,400	8,480,272
GRAP adjustments										
Restated balance	6,852,230	7,002,864	7,077,758	7,509,652	6,833,751	6,833,751	6,833,751	7,515,870	8,008,400	8,480,272
Surplus/(Deficit)	139,488	101,855	119,265	364,144	317,975	317,975	317,975	492,530	471,872	489,509
Appropriations to Reserves	-	-	-	-	-	-	-	(120,000)	(20,000)	(20,000)
Transfers from Reserves	-	-	-	-	-	-	-	-	-	-
Depreciation offsets	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	364,144	364,144	364,144	364,144	-	-	-
Accumulated Surplus/(Deficit)	6,991,718	7,104,719	7,197,023	8,237,940	7,515,870	7,515,870	7,515,870	7,888,400	8,460,272	8,949,781
<u>Reserves</u>										
Housing Development Fund	55,526	49,903	51,543	37,000	37,000	37,000	37,000	52,685	53,739	54,814
Capital replacement	-	-	-	-	-	-	-	120,000	140,000	160,000
Self-insurance	-	-	-	6,220	6,220	6,220	6,220	229	234	238
Other reserves	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-
Total Reserves	55,526	49,903	51,543	43,220	43,220	43,220	43,220	172,914	193,972	215,052
TOTAL COMMUNITY WEALTH/EQUITY	7,047,244	7,154,622	7,248,566	8,281,160	7,559,090	7,559,090	7,559,090	8,061,314	8,654,244	9,164,833

Table 61 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	Census Count/Estimate		552 837	617	616,730	616,730	616,730	616,730	616,730	616,730	616,730
Females aged 5 - 14	Census Count/Estimate			60	60,191	60,191	60,191	60,191	60,191	60,191	60,191
Males aged 5 - 14	Census Count/Estimate			62	62,027	62,027	62,027	62,027	62,027	62,027	62,027
Females aged 15 - 34	Census Count/Estimate			122	121,878	121,878	121,878	121,878	121,878	121,878	121,878
Males aged 15 - 34	Census Count/Estimate			123	122,889	122,889	122,889	122,889	122,889	122,889	122,889
Unemployment	Census Count/Estimate			98	97,816	97,816	97,816	97,816	97,816	97,816	97,816
Monthly household income (no. of households)											
No income											
R1 - R1 600								119,039	119,039	119,039	119,039
R1 601 - R3 200								77,281	77,281	77,281	77,281
R3 201 - R6 400								28,922	28,922	28,922	28,922
R6 401 - R12 800								22,852	22,852	22,852	22,852
R12 801 - R25 600								5968	5968	5968	5968
R25 601 - R51 200								3086	3086	3086	3086
R52 201 - R102 400								461	461	461	461
R102 401 - R204 800								581	581	581	581
R204 801 - R409 600								No Data	No Data	No Data	No Data
R409 601 - R819 200								No Data	No Data	No Data	No Data
> R819 200								No Data	No Data	No Data	No Data
Household/demographics (000)											
Number of people in municipal area	Statistics South Africa			616,730	617	617	617	617	617	617	617
Number of poor people in municipal area								No Data	No Data	No Data	No Data
Number of households in municipal area	Statistics South Africa			134,390	134	134	134	134	134	134	134
Number of poor households in municipal area											
Definition of poor household (R per month)								No Data	No Data	No Data	No Data
Housing statistics											
Formal	Statistics South Africa			67,899	67,899	67,899	67,899	67,899	67,899	67,899	67,899
Informal	Statistics South Africa			10,369	10,369	10,369	10,369	10,369	10,369	10,369	10,369
Total number of households		-	-	78,268	78,268	78,268	78,268	78,268	78,268	78,268	78,268
Dwellings provided by municipality	Statistics South Africa			134,390	134,390	134,390	134,390	134,390	134,390	134,390	134,390
Dwellings provided by province/s	Statistics South Africa			2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151
Dwellings provided by private sector											
Total new housing dwellings		-	-	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541
Economic											
Inflation/inflation outlook (CPI-X)					10.4%	4.0%	4.0%	No Data	No Data	No Data	No Data
Interest rate - borrowing					14.0%	9.0%	9.0%	No Data	No Data	No Data	No Data
Interest rate - investment					6.3%	5.0%	5.0%	No Data	No Data	No Data	No Data
Remuneration increases					8.5%	8.5%	7.0%	No Data	No Data	No Data	No Data
Consumption growth (electricity)							8.0%	No Data	No Data	No Data	No Data
Consumption growth (water)							8.0%	No Data	No Data	No Data	No Data
Collection rates											
Property tax/service charges							89.5%	No Data	No Data	No Data	No Data
Rental of facilities & equipment								No Data	No Data	No Data	No Data
Interest - external investments					9.0%		5.0%	No Data	No Data	No Data	No Data
Interest - debtors					60.0%		89.5%	No Data	No Data	No Data	No Data
Revenue from agency services								No Data	No Data	No Data	No Data

2.15 Municipal manager's quality certificate

I, municipal manager of Msunduzi Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Msunduzi Municipality (KZN 225)

Signature _____

Date _____